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THE VOCABULARY OF SOCIAL HISTORY

"L'HISTOIRE sociale", says Professor Georges Lefebvre, "reste le moins avancé de tous les secteurs de nos recherches."[1] If the least advanced, it is not the least significant. Some fifty years ago Sir George Sitwell, in an article entitled "The English Gentleman", wrote: "It may fairly be maintained that the growth and development of a nation depend not so much upon its geographical position and natural resources, not so much upon the military strength or weakness of its neighbours, as upon the division of classes and their relation to each other and to the soil."[2] This was not a new idea. Though they had predecessors, the first great systematic attempt to write history in terms of the relations of social classes was that of Marx and Engels, whose sociological and historical analysis provided the basic assumptions on which social history has subsequently relied. The classic Marxian analysis divides history into the three successive phases of feudalism, capitalism and communism, corresponding to the rule in turn of the three classes, feudal nobility, *bourgeoisie* and proletariat. The two movements which provided the empirical basis on which this theory was erected were the French Revolution and the English Industrial Revolution; but the historical knowledge of both these great revolutions was much slighter in the time when Marx and Engels elaborated their theory than it is now, after a century of detailed historical research. The simple picture of the French Revolution as the revolt of the *bourgeoisie* against feudalism has gradually

[1] Georges Lefebvre in *Annales historiques de la Révolution française*, No. 138, pp. 80–82.

[2] Sir George Sitwell, "The English Gentleman", *The Ancestor*, No. 1, p. 58.

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disintegrated. The so-called feudalism of 1789 has been revealed as a mere system of seigneurial dues, unconnected with rights of government, often separated from the ownership of land and not even necessarily related to social status. The owner of these dues might be noble, bourgeois or even prosperous peasant. Moreover, it was the peasants and not the bourgeois who revolted against them.

It has become clear that by 1789 the traditional division of society into noblesse, clergy and *tiers état* no longer corresponded to social realities. The order of the clergy, with its higher members almost invariably noble and the lower clergy always of the third estate, corresponded as a whole to no social or economic class. Nor for that matter did the nobility. A noble might be the wealthiest courtier or the poorest *hobereau;* he might draw his income from land, from royal pensions and sinecures or from invested capital, in fact in any way except by earning it; his family might have been noble for centuries or he might be a recent *ennobli;* he might be a member of the Court nobility, a provincial noble, or even a poverty-stricken tiller of a few humble acres. Noblesse was a juristic status, the nobles were not an economic class. The *bourgeoisie* is more difficult to define, for it had ceased to be even a legal status. It excluded on the one hand the nobles and on the other any who engaged in manual or menial work. It included a poor lawyer but not a rich farmer, a wealthy financier but not a poor noble; but social importance within the *bourgeoisie* was not merely a matter of wealth. An analysis of the *tiers état* of Toulouse on the eve of the Revolution places in the first rank the *rentiers*—"ceux qu'on appelait proprement les bourgeois"—who lived "noblement et de leurs biens".[3] Above the *rentier*, however, was the bourgeois holding an office. The judge took precedence over the wealthiest merchant. Those who followed the professions of medicine, pharmacy, the fine arts, journalism, were rising into the ranks of the bourgeois, but only the most successful ones were as yet accepted. Thus the bourgeois who sat in the revolutionary assemblies and carried through the political revolution were not the commercial and industrial class of more

[3] P.-H. Thore, "Le Tiers-Etat de Toulouse à le veille des élections de 1789", *Annales du Midi*, vol. 65, pp. 181–191.

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recent times. They were in an overwhelming majority royal officers, lawyers and professional men.[4]

Below the *bourgeoisie* there was really, by eighteenth-century ideas, no recognized class at all but only the masses of the people who, although they included the vast majority of the nation, did not really count as part of it. They also included a congeries of separate social groups which are only gradually being discovered and sorted out by detailed research. From all this it can be seen that if economic classes existed in eighteenth-century France they were not recognized as such. The main recognized distinction, that between noblesse, *bourgeoisie* and the rest, was based on status, not on function, and included the most diverse economic elements in each of the three large categories.

However, it was this tripartite classification which was the basis of the nineteenth-century analysis of society. When Marx developed his theory in the totally different conditions of nineteenth-century England—in a country, that is, which had no noblesse, where there was an industrial, commercial and farming middle class which did not correspond to the French *bourgeoisie*, and below these largely a wage-earning proletariat —he did not look beyond the traditional tripartite division, but his theory was, as might have been expected, much more relevant to the conditions in which it was evolved than to those from which its basic pattern was derived. The survival of the earlier pattern had the effect, however, of confusing status with function, and moreover function interpreted in a single and restricted sense. An official, because he lives on a salary and has no share in the ownership of the means of production, is a wage-earner and therefore a proletarian; a poor shopkeeper, or even a peddler, is a capitalist. This is to ignore their level of remuneration, the way people live, and—most important of all—the way they feel. Historians, however, have borrowed their vocabulary, and therefore the presuppositions of their history, from the Marxian analysis, and continue to use the same terms even when their own researches call for something different.

[4] Alfred Cobban, *The Myth of the French Revolution* (London, 1955).

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A further presupposition of the theory is that where the economic factor is combined with other factors, as is usually the case, it is always assumed to have priority and to be related to them as cause to effect, and this prejudice has also been taken over by historians. Thus at the time of the Revocation of the Edict of Nantes it is evident that there were many Huguenots who were merchants. It is often assumed that, the Protestant religion being supposed to be particularly suited to those engaged in trade, they were Protestants because they were merchants. This may be so; but it is also possible that they may have been merchants because they were Protestants, and therefore excluded from avenues of advancement which were open to Catholics. Pushing the enquiry back into the sixteenth century, we find a general assumption that the Huguenots belonged to the *bourgeoisie*, though, curiously enough, the greatest center of bourgeois population, Paris, is generally said to have been fervently Catholic. That the Huguenots whose names one seems to know in the sixteenth century are largely nobles is of course quite natural, and the chief centers of Huguenot population which have survived are, again naturally, in peasant areas. I am not suggesting that the sixteenth-century Huguenots were not bourgeois, but merely that a sound historical method would require an examination of the facts before reaching this conclusion. If the facts have not been examined, the reason, I suggest, is that the conclusion that would emerge from such an enquiry has been taken for granted. In this way the result of applying a theory derived from the study of one historical period unquestioningly to all other periods has been to produce what may be called deductive history.

Though these objections, and perhaps others, might have been raised from the beginning against the Marxist interpretation of history, it was hardly to have been expected that they would have received much attention while the theory was still serving as a valuable stimulus to new historical discovery. Its weaknesses would be likely to attract notice only when its period of fruitfulness was drawing to a close and it was becoming an incubus rather than a spur. This is the situation that has developed in historical research of recent years, when the tension

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produced by the conflict between the results of new methods of historical investigation and a theory which had been evolved long before they were thought of has become increasingly evident.

The biographical approach to history, applied by Sir Lewis Namier to eighteenth-century politics and by Sir John Neale to the Elizabethan House of Commons, consists simply in examining one by one, in all the facets of their social existence, the individuals who constitute a particular social group. The results that are forced on us may sometimes be at first rather disconcerting. Under the acid of Namier's analysis the Tory party of George III's reign simply disappeared, and a study of the members of the Long Parliament pushed the thesis of the Civil War as a struggle between aristocracy and merchants, or aristocracy and gentry, back into the realm of theory.[5] Again, everyone knows that the régime of Louis-Philippe in France represented the rule of the *bourgeoisie*. Because everyone knows this, nobody troubles to see if it is correct. Yet what are the facts? The franchise was based on the payment of direct taxes, which were imposed mostly on land. It has been shown that between 82 and 90 per cent of the electorate derived the income by which it secured the vote from the land, 5 to 9 per cent from commerce, 2 to 5 per cent from industry, and 2 to 4 per cent from the liberal professions.[6] Louis-Philippe had in all 60 ministers in the course of his reign. Of these, 8 were aristocrats, 36 civil or military officials, 9 lawyers and professors, and 7 representatives of trade, industry and finance.[7] Such facts suggest that the "bourgeois monarchy" deserves a little more investigation before we can take it for granted.

They also illustrate the need for political terminology to be tested by social analysis. Even when it is based on actual historical facts and is not the mere product of historical legend, the continuity of a political term may sometimes conceal social

[5] D. Brunton and D. H. Pennington, *Members of the Long Parliament* (Cambridge, 1954).

[6] Sherman Kent, *Electoral Procedure under Louis Philippe* (New Haven and London, 1937), ch. ii, pp. 19–58.

[7] Ch.-H. Pouthas, "Les Ministres de Louis-Philippe", *Revue d'histoire moderne et contemporaine*, vol. I, pp. 102–30.

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discontinuity. The Patriot party in eighteenth-century France was, between 1770 and 1774, the anti-Maupeou *parlements* and their supporters; in 1789 it became the constitutional noblesse and reforming lawyers and officials, excluding practically the whole of the party of the *parlements;* in 1792–1794 it was the Jacobins, of varying social class but including very few who would have been in either of the preceding categories of Patriots.

Now this may be dismissed as mere pedantry, as the small change of historical scholarship; but to do so would involve the intellectually unsatisfactory proceeding of trying to continue to write history on one level when a lower and more fundamental level has been uncovered. At first sight the approach to history by way of a crowd of lesser individuals, instead of a few great ones, and at the same time through individuals instead of through our customary collective names—such as nations, aristocracy, middle classes, merchants, the "people" and so on—may appear wholly a disintegrating one. All generalization seems to become impossible and the historian is flung into the midst of a jumble of crude facts, reduced to a mere accumulator of petty detail, always asking how and never why. My belief is that this is at most only a passing phase. It is in any case impossible, once new historical material has been uncovered, to ignore it and to go on with explanations which have necessarily been robbed of their validity. Twenty-five years ago, Marc Bloch wrote, "A dire vrai, ce mot de classe est un des plus équivoques du vocabulaire historique."[8] It seems to me difficult to deny that the simple pattern of social classes which has served generations of historians well has lost its usefulness. The new facts are becoming increasingly recalcitrant and difficult to dragoon into compliance with the old categories.

As another example of the present difficulties of historical studies we may take the conflict of interpretation that has emerged in two classic articles by Professor R. H. Tawney[9]

[8] Marc Bloch, *Les caractères originaux de l'histoire rurale française* (Paris, 1931), p. 194.

[9] R. H. Tawney, "The Rise of the Gentry, 1558–1640", reprinted in *Essays in Economic History*, ed. by E. M. Carus-Wilson (London, 1954).

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and Mr. H. Trevor-Roper[10] on the problem of the rise of the gentry in seventeenth-century England. Professor Tawney's argument to prove the rise of the gentry in the period between the reign of Elizabeth and the Civil War was challenged by Mr. Trevor-Roper primarily on the ground that by continuing to count those members of gentry families who had been ennobled as still gentry, Professor Tawney was *ipso facto* comparing an increasing number of gentry with an aristocracy which by the natural process of the dying out of families was necessarily declining.[11] Professor Tawney has subsequently argued that, even correcting the figures to allow for this criticism, there still remains some evidence for a "rise of the gentry".[12] I am not concerned here with the merits of these conflicting views but rather with the incidental points of more general bearing which have emerged in the course of the controversy. Although Mr. Trevor-Roper does in fact employ the distinction between aristocracy and gentry, and even argues, contrary to Tawney, in favor of an actual decline of the gentry,[13] his more far-reaching argument seems to be that the distinction between aristocracy and gentry is meaningless.[14] Professor Tawney, without going as far as this, agrees that these comprehensive terms need breaking up.[15] Indeed, the controversy is not so much over the facts as over the way in which they should be handled.

Two main problems of social history emerge clearly from this

[10] H. Trevor-Roper, *The Gentry, 1540–1640* (London, 1953).

[11] *Ibid.*, p. 5.

[12] Tawney, *loc. cit.*, pp. 209–12.

[13] Trevor-Roper, *op. cit.*, pp. 32 *et seq.*

[14] *Ibid.*, p. 24.

[15] Tawney, *loc. cit.*, p. 214. Since writing the above I have found a discussion of this question in G. R. Elton, *England under the Tudors* (Cambridge, England, 1955), pp. 255–59, which puts in more detail the conclusions I reached above. Mr. Elton writes: "When the fate of all or nearly all families that claimed to be gentle—their number runs into thousands—has been studied it may be possible to trace accurately what happened to the gentry as a whole; at present this cannot be done. The 'lucky dip' principle of historical investigation produces only a succession of discarded theories. . . . The rise of a new class—a 'middle' class or whatever one wishes to call it—is one of those repetetive instruments of historical generalisation which are in danger of losing all meaning."

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conflict of views. The first is that of terminology, which is not a mere matter of names but of the social realities to which they correspond, and the second that of the relative movements of classes rising or falling. To take the second of these points first, the phenomenon of rising and falling has been too much taken for granted, without an adequate examination of what is really involved in it. For example, in fifteenth-century Rouen the Le Pelletiers were a rising family of merchants. Among other activities they lent money to nobles and acquired the lands of their insolvent debtors. A son bought the office of *vicomte*, a grandson became a *sécretaire du roi*, married a noble heiress, changed his name and obtained recognition as a member of the old noblesse.[16] The whole evolution had taken a little under a century. It was repeated, up and down the social scale, innumerable times. A French writer, in 1766, could state: "No sooner is there a man too many in the rural districts than he goes to town, becomes an artisan, craftsman or merchant, and if he is hard-working, thrifty, intelligent and lucky, he is soon a rich bourgeois."[17] "Suppose," writes Sénac de Meilhan, "and this supposition is the exact history of a hundred thousand individuals, that the son of a *laboureur* has gained by these means (the liberal arts, trade or the law) a capital of 50,000 *écus*. His son doubles it and acquires noblesse."[18] Is this process the rise of the peasantry or *bourgeoisie*? Louis Béchamel, intendant of Rennes at the end of the seventeenth century, was the son of a *surintendant des maisons* of Monsieur and the grandson of a bone seller of Rouen. Langeois, intendant of Montauban shortly after, was the son of a Farmer General and the grandson of a second-hand clothes dealer of Paris. Is this the rise of the old rag and bone merchants? To state the problem in more general terms, is the normal process by which a higher class is recruited from the more successful members of a

[16] Michel Mollat, *Le commerce de la Haute-Normandie au XV^e siècle et au début du XVI^e siècle* (Paris, 1952).

[17] Messance, *Traité de la population*, 1766, cit. by Georges Lefebvre, *The Coming of the French Revolution*, trans. by R. R. Palmer (Princeton, 1949), p. 41.

[18] Sénac de Meilhan, *Du gouvernement, des moeurs, et des conditions en France avant la Révolution* (Hamburg, 1795), pp. 60–61.

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lower one equivalent to the rise of the latter? The farmer's son who abandons the family acres, goes to town and becomes a prosperous merchant has probably risen in the world, but not as a peasant. The merchant or financier who purchases noblesse may improve his social status, but only by giving up his occupation in trade or finance. Surely we can only talk of the rise of a class when it gains in social and political importance in relation to other classes, not when individual members, however many they may be, migrate from it into a higher class. But am I wrong in thinking that this distinction often is not drawn?

In his amended version of the rise of the gentry, Professor Tawney recognizes that the important fact to establish as evidence of such a rise would be the growth in the number of medium-sized estates and the comparative decline of large estates.[19] The further point which it would be desirable to establish would be a positive connection between this development and a change in the balance of political power in the community. As examples of true rising in economic prosperity and political power one might take the French peasant proprietors during the Third Republic, allowing of course for possible contrary movements of particular sections within the large class, or the English industrial employees in the nineteenth and twentieth centuries. Very curiously, it is not such movements that are commonly taken to illustrate the rise of classes, but rather a process such as that by which the French bourgeois infiltrated into the higher ranks of society. Into this process, however, as I have suggested, is read back an explanation which, whether it is entirely valid or not, is at least more plausible in relation to English economic society under the influence of the industrial revolution.

There is another assumption behind this argument, which I have also mentioned already. A new class, it is said, because it has acquired control of the means of production, is enabled to seize political power. This is to assume the priority of economic forces in social causation. Mr. Trevor-Roper, in his discussion of the so-called "rise of the gentry", has revealed a

[19] Tawney, *loc. cit.*, p. 207.

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different possibility. He argues that the gentry who did rise, rose in fact not *qua* gentry but as a result of the profits of offices held under the Crown.[20] The real distinction, he says, is not between aristocracy and gentry, but between Court and country, between office-holders and mere landlords;[21] and the "rising gentry" were without exception holders of offices under the Crown, or government financiers, whom he classifies, perhaps a little arbitrarily, with them.[22] Similarly, the rôle of the venal offices in the rise of the bourgeois to higher social rank in France is well known. I have suggested elsewhere that the *bourgeoisie*, which played a leading rôle in the French Revolution and possibly profited most from it, was to an important extent an official class.[23] These are subjects which require fuller investigation, but at least it seems justifiable to say that between economics and politics there is not only a one-way traffic. Perhaps, indeed, political power may produce wealth more easily than wealth can produce power. The class that is omitted in most interpretations of social history, the official class, may be one of the most important classes of all, though concealed from the historian by the continuing use of vague phrases like "*bourgeoisie*" or "middle class". Indeed, the word "bourgeois", as has been said, lumps social groups together at the very point where the dividing lines between them are sociologically significant.[24] Its use, moreover, operates as a mental blockage to prevent further enquiry.

The reason for the failure to push social analysis to the point at which it becomes historically significant, and for the continued use of vague terms, is to be found, I believe, in the general theory of social development which I outlined earlier in this paper. Thus, feudalism is assumed to stretch from the early Middle Ages to the eighteenth century. Capitalism slowly

[20] Trevor-Roper, *op. cit.*, pp. 10–25.

[21] *Ibid.*, p. 26.

[22] *Ibid.*, p. 12.

[23] Cobban, *op. cit.*

[24] J. McManners, "France", in *The European Nobility in the Eighteenth Century*, ed. by A. Goodwin (London, 1953), p. 26.

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rises to take its place, and achieves its victory in England with the Civil War, in France with the French Revolution, in other European countries in the course of the nineteenth century. Such a view may have represented a great advance in historical interpretation in the days when Guizot and Sismondi were writing: it seems to me of little use today. Modern historians have taught us to use the term feudalism with greater caution. The word *féodalité*, writes Professor Ganshof, "*prête à confusion.*"[25] *Féodo-vassaliques* institutions, he says, ceased to be a historically truly essential characteristic of the political system or social structure in Western Europe from the end of the thirteenth century.[26] By 1789 the word feudalism had become a mere bogey, a term of abuse like fanaticism and with as little precise content.[27] "Capitalism" has also passed through various phases, changed its character drastically from country to country and century to century, and ended up in the same way. What are significant historically are not the remote similarities but the essential differences hidden by these omnibus terms. This is what Francis Bacon saw when he discussed the legal survival in the sixteenth century of military tenures which had entirely ceased to fulfil their original function. "*Vocabula manent*", he wrote, "*res fugiunt.*" The same verdict has also to be passed, in the same period, on such medieval rights as wardship and marriage, which had largely come to be concentrated in the hands of the Crown and to be used merely as a means of raising revenue or rewarding royal officials or favorites. The term "fiscal feudalism" has been employed to describe these anachronistic survivals of the feudal age into Tudor and Stuart times.[28]

Social history, as something other than a description of "how people lived in the past", is not possible without a reasonable degree of preciseness in its terminology and I have tried to ex-

[25] F. L. Ganshof, *Qu'est-ce que la féodalité?* (Neuchâtel, 1947), p. 11.

[26] *Ibid.*, p. 191.

[27] *Ibid.*, p. 11.

[28] J. Hurstfield, "The Profits of Fiscal Feudalism, 1541–1602", in *The Economic History Review*, vol. VIII, pp. 53–61.

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plain why this requirement is often neglected at present. The article "Anatomie" in the *Encyclopédie* begins: "A science or an art only begins to be science or art when the knowledge gained enables it to develop a language of its own." For example, economic history was not possible before the language of economics had been invented. It could not have been written when Hobbes, wanting to discuss production and consumption, had to talk about "the Nutrition and the Procreation of a Commonwealth".[29] The need was realized and stated clearly and succinctly by Lavoisier, when he was founding the modern science of chemistry. "Languages", he wrote, "were not only intended, as is commonly supposed, to express ideas and images by signs, but also are real analytical systems by means of which we advance from the known to the unknown."[30] The practical problem is, thus, where social history should look for a vocabulary to replace the broad and vague abstractions commonly used. On the parallel with economics, the appropriate source for a language of social history might seem to be sociology; only, in place of the more primitive analysis of Marx and Engels, it should be a sociology which takes into account the great additions that have been made to sociological knowledge during the last century. There is a difficulty, however, in deriving the vocabulary and therefore the pattern of social history from contemporary sociology. We shall still incur the danger of employing our terms anachronistically and reading the present into the past. The danger, of course, is not peculiar to social history. It is also evident, for example, in the pre-Namier interpretation of eighteenth-century British politics in terms of a party system only appropriate to a later age. The structure of society is constantly changing, the terms which are useful for one country or period are rarely applicable without serious modifications of meaning to another period and country.

There is a more serious objection. The arguments that I have given against the terms of traditional sociology, such as *bourgeoisie* and feudalism, are equally valid against any other

[29] Hobbes, *Leviathan*, ch. 24.

[30] Quoted in Douglas McKie, *Antoine Lavoisier* (New York, 1952), p. 199.

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attempt at a scientific vocabulary. As Seignobos has pointed out, the terminology of social science is, from the historical point of view, necessarily defective, because it is born out of an effort to generalize. By eliminating what is individual and specific in any historical situation, it necessarily employs general and abstract terms. It thus provides a "mythological vocabulary"; to what were in the first place mere abstractions is then attributed a force of their own, and a succession of individual events or persons is regimented into an apparently rigid pattern.[31] Whatever this is, it cannot be history, for in history is revealed an ever-changing concatenation of circumstances; no historical event can ever be reproduced at any place or time other than its own.

Since every social situation is unique, it may be asked how we can ever find a common vocabulary to describe them. We have to resort to ordinary and concrete language, says Seignobos, adding, "I knew that it is not elegant. It is very humiliating to be reduced to speaking like everyone else"; but despite the attraction of scientific terminology, there is no alternative.[32] This is a counsel of despair. Contemporary usage is certainly important historical evidence; but its limitations, so far as the historian is concerned, are also great. Its language is apt to be vague and its terminology to be surrounded by a penumbra of uncertainty. Thus in eighteenth-century France we find, to describe the commercial world, the terms *négociant*, *marchand*, *trafiquand*, *commerçant*, *régratteur*, *détailleur*. The last two are descriptive of the *marchand en détail*, and the *grossier* is the *marchand en grand*. On the whole the *marchand* and the *trafiquand* were going down in the world, while the *commerçant*, a new word only accepted by the Academy in 1740, was rising. The *négociant* was still at the top. None of these terms is stable or clear enough for scientific use; yet to talk in a general sense of "merchants" would be even more unsatisfactory. Another example may be taken from the same period. A *ferme* was a farm which was rented by the *fermier*. However, since such

[31] Charles Seignobos, *Etudes de politique et d'histoire* (Paris, 1934), p. 22.

[32] *Ibid.*, p. 42.

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holdings tended to be rather larger than those of the small proprietor, the term *ferme* came to be used for any large-scale exploitation and *fermier* became practically synonymous with *laboureur*, the peasant proprietor of the largest holdings. Hence when we read of a *fermier* we do not really know if he was a tenant or a proprietor.

Again, contemporaries may be unconscious of economic distinctions which are significant for the historian. For this reason there is sometimes no satisfactory contemporary term to describe a section of society that nevertheless needs separate identification. How are we to describe the poorer population of Paris during the French Revolution? *Sans-culottes* is a political and not an economic description: it could include a wealthy brewer like Santerre and exclude a valet or footman. *Le menu peuple* was a term sometimes employed to cover shopkeepers, master craftsmen employing labor, wage-earners, journeymen, *brassiers* or *gagne-deniers*.[33] It thus included trading and industrial interests, employers and employees. This combination of diverse economic interests in a single social group is revealing and significant, but it makes the task of the historian more difficult. If, looking for what would today be called the wage-earning industrial worker, we try to employ such terms as *ouvrier* or manufacturer, we find that the French word, in the eighteenth century, would include the equivalent of the modern manufacturer, and the English the equivalent of the modern *ouvrier*. The English term has gone up in the world and the French one down.

The examples I have given indicate a further problem, that of translating the social nomenclature of one country into the language of another. Sometimes this is just impossible: the French word *paysan* has no English equivalent. The continental *bourgeoisie* is not the same as the English middle class. A volume of essays on the European nobility of the eighteenth century[34] revealed how diverse were the classes in different countries, as well as in a single country, included under this des-

[33] G. Rudé, "The Motives of Popular Insurrections in Paris during the French Revolution", *Bulletin of the Institute of Historical Research*, vol. XXVI, 1953, p. 55.

[34] Goodwin, ed., *The European Nobility in the Eighteenth Century*.

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ignation. Different processes of social evolution have produced in different countries classes which, though they may possess similarities, have no true equivalence. The operation of primogeniture and the restriction of those who were summoned by writ as peers produced the small English peerage, to which there is no real parallel in Europe; equally, out of younger sons developed a class of gentlemen such as had not existed in the Middle Ages, when a *gentilhomme* was a noble or he was nothing, and such as never really came into existence in France. On the other hand, the fiscal policy of the French crown, involving the creation and sale of hosts of royal offices, built up a class of venal officers which had no equivalent in England. Finally, even if it were practicable, the adoption of the vocabulary of common use would be no escape from our problem. All terms descriptive of social groups reflect, consciously or unconsciously, views about society; they are all, whether we know it or not, tainted with ideology. In supposing that by refusing to face this problem he is solving it, the historian is merely deluding himself.

This conclusion, rejecting both the attempt at an abstract scientific vocabulary and vague every-day language, does not leave us with no solution. The terminology necessary for the writing of social history is likely to arise, and can only arise, I suggest, out of an extensive examination of the relevant historical evidence.[35] Admittedly, much more detailed information is required than we possess at present to provide a sufficient basis for drawing sound conclusions about the social pattern at any given period. This, however, will not involve the diversion of historical research into an artificial channel. On the contrary, the direction which historians themselves have spontaneously taken in their research has itself made a new vocabulary both necessary and possible. They are already beginning to provide the facts which disintegrate the old categories and destroy the common clichés of social history. Modern

[35] A plea for such detailed analyses, including the "biographical" study of categories or groups, was made by Professor E. Labrousse in *Voies nouvelles vers une histoire de la bourgeoisie occidentale aux XVIII*eme *et XIX*eme *siècles (1700–1850)*, Comitato Internazionale di Scienze Storiche, X Congresso Internazionale di Scienze Storiche: Relazioni, vol. IV, pp. 265–396.

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historical research has made it necessary either to abandon, or else to re-define within more precise limits, broad terms like feudalism, capitalism, *bourgeoisie*, peasantry. Where they are kept, the tendency is to add qualifying adjectives to them, as Mr. Macfarlane employed "bastard feudalism" for the English fifteenth century,[36] though on the whole I think it would be better if implied moral judgments were avoided in the actual terminology of social history. More than one favorite category of the historian may perhaps in due course go the way of the English yeoman. The study of French agrarian history is revealing the conflicts of interests in the French countryside and disintegrating the once solid block of the peasantry. J. H. Clapham, in his analysis of the England of 1830, pointed out that "we are not cotton-spinners all".[37] The industrial workers of nineteenth-century France are ceasing to be an undifferentiated proletariat: studies of the movement of population are throwing light on the impact of country on town.[38] The cross-currents in the ideas and aspirations of the industrial workers under the Second Empire are being revealed.[39]

Admittedly, the general pattern of rising and falling, which was first detected on a large scale in the decline of feudalism and the rise of capitalism, is repeated on a smaller and more accurate scale in the rise and decline of the social groups which are being substituted by modern historical research for the broad and vague over-all pattern; but instead of interpreting these groups and their relative movements in preconceived terms, we shall be forced to compose new patterns *ad hoc*, based on empirical investigation. History, even if it starts with a hypothesis, must not start with a dogma. The historian must not forget that, as Seignobos puts it, the reciprocal actions

[36] B. Macfarlane, "Bastard Feudalism", *Bulletin of the Institute of Historical Research*, vol. XX, 1947, pp. 161–179.

[37] J. H. Clapham, *An Economic History of Modern Britain: The Early Railway Age, 1820–1850* (Cambridge, 1926), p. viii.

[38] Louis Chevalier, *La formation de la population parisienne au XIX^e siècle* (Paris, 1950).

[39] Georges Duveau, *La vie ouvrière en France sous le Second Empire* (Paris, 1946).

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of groups can be entirely understood only by the analysis of individual actions.[40] "L'histoire", he concludes," me paraît avoir pour principale utilité de nous rappeler les conditions d'existence de la réalité véritable."[41] The result will not be science or sociology, but it will be history. The sociologist or the political scientist, who is more interested in the possibility of generalization, may then, if he will, get to work on the material that the historian has produced, just as he can on contemporary information; but the vast resources of detailed knowledge on social movements that history can provide will be of value for analytic studies only if they are the product of sound historical method. If the theorist starts with an *a priori* or, what is more likely, an anachronistic method, he will only discover in history what he has himself unconsciously put into it. He will be able to prove to his own satisfaction, doubtless, what he set out to prove, but his material will not be history and his conclusions will not be social science.

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[40] Seignobos, *op. cit.*, p. 19.

[41] *Ibid.*, p. 38.

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JEFFERSON, HAMILTON AND AMERICAN FOREIGN POLICY

IN a recent book on American foreign policy, Professor Hans J. Morgenthau finds "two opposing conceptions of foreign policy . . . at the very beginning of the history of the United States": a "realistic position", ascribed to Alexander Hamilton and his followers, and a "moralistic illusion", allegedly adhered to by Thomas Jefferson and his supporters. The issue of realism versus moralism, according to the author, was first joined in 1793 over the question of an American proclamation of neutrality after Britain had entered the First Coalition's war against revolutionary France.[1] To illustrate this thesis Hamilton is assumed to represent neutrality, while Jefferson stood for American intervention on the side of France. This is a plausible enough assumption if, like Professor Morganthau, one relies exclusively on the testimony of Hamilton. The historical facts suggest quite a different interpretation.[2]

Professor Morgenthau has taken a set of historical circumstances which seem to support his general thesis, and Hamilton has led him into the same trap which historians have fallen into for well over a hundred years.[3] The purpose of this paper

[1] Hans J. Morgenthau, Jr., *In Defense of the National Interest* (New York, 1951), pp. 14–19. The same thesis was advanced in Hans J. Morgenthau, Jr., and Kenneth W. Thompson, eds., *Principles & Problems of International Politics: Selected Readings* (New York, 1950), p. 37.

[2] Professor Morgenthau's evidence is drawn from the "Pacificus" papers, which Hamilton wrote to defend the proclamation of neutrality against the charge that it was a demonstration of partiality toward Great Britain. The "Pacificus" argument is quoted at length, but it is not pursued far enough to expose its sophistry.

[3] Historians generally have accepted the Hamiltonian view of American foreign policy during the administrations of George Washington. George Bancroft, writing in the mid-nineteenth century, might have been an early exception, but his *History* ends with the adoption of the Federal Constitution. Richard Hildreth (1851) frankly presented the Hamiltonian viewpoint. John Bach McMaster's account (1885) favors Hamilton's position, Woodrow Wilson (1902) admired it, and John S. Bassett (*The Federalist System*, New York and London, 1906) endorsed it, although without enthusiasm.

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is to examine the question of realism versus idealism in American foreign policy in relation to Jefferson and Hamilton.

A reconsideration of the Jefferson-Hamilton contest over American foreign policy suggests that Jefferson, not Hamilton, did "unswervingly apply as standard the national interest of the United States." Hamilton's foreign policy was based constantly upon what he wanted the United States to become, not upon what it was or was likely to be. In short, Hamilton acted "unswervingly" to transform the United States into a George III-type oligarchy.[4] Even in the formative years of the Republic this was a gross misreading of the American tradition, of the American spirit and of the American promise. It was not realism.

I

The issue between Hamiltonian and Jeffersonian concepts of United States foreign policy was first joined, not in 1793, but in the Nootka Sound controversy between Britain and Spain three years earlier.[5] That episode clearly revealed Secretary of State Jefferson as a daring and knowing champion of

Charles A. Beard (*The Economic Origins of Jeffersonian Democracy*, New York, 1915) viewed Hamiltonian foreign policy harshly, but he backhandedly approved it nevertheless. Edward Channing's rather noncommittal narrative (1917) leans toward the Hamiltonian interpretation, while Claude G. Bowers' scathing indictment of Hamiltonianism in general (*Jefferson and Hamilton*, Boston, 1925) for the most part ignores the international implications of the foreign policy issues of the times.

Nathan Schachner's treatment of Federalist foreign policy (*The Founding Fathers*, New York, 1954) was more impartial than the standard Federalist accounts, but it challenged none of the traditional interpretations. Among diplomatic historians, Samuel Flagg Bemis explicitly upholds Hamilton as the *"realpolitiker"* (*Jay's Treaty*, New York, 1924) who "saved American nationality" (*A Diplomatic History of the United States*, New York, 1936 and 1942). Thomas A. Bailey (*A Diplomatic History of the American People*, New York, 1940) and Julius W. Pratt (*A History of United States Foreign Policy*, New York, 1955) less confidently arrive at similar conclusions.

Two important biographies, however, have challenged the traditional view. Irving Brant (*James Madison*, 4 vols., in process, Indianapolis and New York, 1941–53) presents a narrative highly critical of Hamilton's foreign policy, and Dumas Malone (*Jefferson and His Time*, 2 vols., in process, Boston, 1948–51) takes direct issue with the usual interpretation.

[4] Nathan Schachner, *Alexander Hamilton* (New York, 1946), p. 295.

[5] See Dumas Malone, *Jefferson and the Rights of Man* (II, 1951), pp. 308–315.

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American interests, and as a skillful diplomatic strategist as well. It demonstrated that Secretary of the Treasury Hamilton preferred to submit to humiliating British demands rather than to incur a hypothetical risk of war with that country. British trade was the main support of Hamilton's controversial fiscal system,[6] and his devotion to that system blinded him to the importance to the United States of a balance of European interests in America. This consideration was always the cornerstone of Jefferson's policy.

In the summer of 1790, when Spain and Britain reached the verge of war over possession of a remote harbor on the Northwest coast of North America, Jefferson immediately perceived an opportunity to extract American advantage from the expected conflict. The neutrality of the United States, lying between the American empires of the two antagonists, would become a matter of interest to both in case of war. If the United States should guarantee not to support Spain, Britain might be induced to evacuate the Northwest posts, which she still held in violation of the peace treaty of 1783.[7] Conversely, Spain might be persuaded to yield the free navigation of the Mississippi River, which she controlled through possession of its left bank and its delta.[8] These were then the two overriding problems of American foreign policy. Through a fortuitous confrontation of opposing European interests, both might be resolved at no cost to the United States.

So spectacular a diplomatic triumph at the beginning of the great American experiment in republican government was not to be gained, but the fault was not Jefferson's. He moved at once to exert pressure upon Spain through France, her partner in the Family Compact. William Short, American chargé

[6] Beard, *Economic Origins of Jeffersonian Democracy*, ch. v.

[7] Paul L. Ford, ed., *Writings of Thomas Jefferson* (New York, 1892–99), V, 224–225. Jefferson to Gouverneur Morris, August 12, 1790. Edward Channing has written: "Pitt and his colleagues realized that they must yield to American desires, send a minister to Philadelphia, make a commercial treaty, and hand over the Northwestern posts." *A History of the United States* (New York, 1905–25), IV, 120. See also Samuel F. Bemis, ed., *American Secretaries of State and Their Diplomacy* (New York, 1927), II, 23.

[8] Ford, *Jefferson*, V, 216–218. Jefferson to William Carmichael, August 2, 1790.

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d'affaires at Paris, was instructed to solicit French intervention at Madrid. Jefferson assumed that France had an interest in reducing the number of her ally's enemies: "She cannot doubt that we will be of that number if she does not yield our right to the common use of the Mississippi, and the means of using and securing it."[9]

This was diplomatic bluster. Jefferson believed, with the others comprising Washington's official family, that the only possible danger to the United States from Nootka Sound was war with Britain. This possibility so concerned the President that he asked his advisers to consider an answer to an anticipated British demand for the passage of troops through American territory to attack Spanish Louisiana.[10] The answers of Jefferson and Hamilton in 1790 delineated the conflict between realism and a perverse idealism. Hamilton's position foreshadowed the repeated surrenders of the Federalist administrations to British requirements.

Blunt John Adams recommended refusal of such a British demand, but his advice was never taken seriously. The significant opinions were those of Jefferson and Hamilton. Jefferson thought the best answer would be none at all, because evasion was most likely to prolong the neutrality which was America's real interest and would leave her free to act as later developments dictated. Hamilton balanced his patriotism against his reverence for British institutions; after a tortured consideration of all the pros and cons, he finally concluded that submission to Britain would pose the least danger to the United States.[11]

In substance, Hamilton conceived the interest of the United States exclusively in terms of a close connection with England, while Jefferson's dedication to a balance of European power in America would have led him to accept war with Britain to preserve it. Both men recognized the value of neutrality, but Hamilton would have surrendered it on Britain's demand, thus

[9] *Ibid.*, V, 218–221. Jefferson to Short, August 10, 1790.

[10] John C. Fitzpatrick, ed., *Writings of George Washington* (Washington, 1931–41), XXXI, 102–103. August 27, 1790.

[11] Ford, *Jefferson*, V, 238–239. See Bemis, *Jay's Treaty*, pp. 71–73, and Malone, *Jefferson*, II, 312–315.

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risking war with Spain and France, while Jefferson would have used it as a diplomatic weapon against all Europe. It is difficult to find here Jefferson's "moralism", and even more elusive is any Hamiltonian monopoly on the national interest of the United States. The tough-minded champion of American interests was Jefferson; the apparition of British power unnerved Hamilton.

The threatened storm passed in 1790 when Spain, lacking firm French support, gave way before a British ultimatum. Neither the diplomatic opportunities hoped for by Jefferson nor the dangers foreseen by Hamilton materialized, for no British summons was received. When the subject assumed paramount importance again early in 1793, opposing attitudes had been hardened and brought into sharper focus by the progress of the French Revolution. From this time at least until the advent of Napoleon, American foreign policy depended on the great European struggle between the Rights of Man and legitimist reaction; it was determined in the context of a domestic political struggle between the "natural rights" philosophy of the American Revolution and the oligarchism of the Hamiltonians.

II

The neutrality proclamation of April 22, 1793, is usually described as "a notable document" which declared diplomatic independence and signaled the withdrawal of the United States from Old World embroilments.[12] But the proclamation was really irrelevant to the national interest at that time. The real issue was not neutrality, but whether the United States could maintain freedom of action—diplomatic independence. Rather than asserting that independence, the much-admired proclamation resolved the issue by surrendering it.

The traditional view of the neutrality proclamation evades the fundamental question: Who benefited from such a pronouncement? France was in amity with the United States, bound to her by a defensive treaty of alliance. England was hostile, occupying American territory in violation of the peace

[12] Bailey, *A Diplomatic History of the American People* (3rd ed., 1946), p. 73.

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treaty of 1783, giving aid and comfort to marauding savages on the American frontier and refusing to regularize trade relations by a treaty of commerce. The British emphasized their condescension by reminding Americans that their trade depended on the suffrance of George III.[13]

The circumstances surrounding the adoption of the proclamation shed some light on the campaign in England's interest. When President Washington heard of the outbreak of war in Europe, he commanded his cabinet to consider means "for the United States to maintain a strict neutrality between the powers at war," for he had learned that American vessels were preparing to sail as privateers. He hurried back to Philadelphia from his Mount Vernon home and addressed to his official advisers the famous thirteen questions on the enforcement of neutrality.[14]

The President's questions have been described thus: "whether to issue a proclamation of neutrality, already decided in Washington's mind and speedily supported by his advisers, was the first. . . . The other twelve concerned the French alliance."[15] But the adviser most immediately concerned, the Secretary of State, did not speedily support the issuance of a neutrality proclamation. Jefferson favored neutrality wholeheartedly, but he opposed a formal declaration on the ground that it would severely restrict the government's freedom of action.[16]

The other twelve questions not only betrayed their real author, they also exposed his aim of re-orienting American

[13] "Correspondence of the French Ministers to the United States, 1791–1797", ed. by Frederick J. Turner, in *Annual Report of the American Historical Association, 1903* (Washington, 1904), II, 118.

[14] Fitzpatrick, *Washington*, XXXII, 415, 416. The text of the questions is in *ibid.*, pp. 419–420, and in Henry Cabot Lodge, ed., *Works of Alexander Hamilton* (New York, 1885–86), IV, 366–368. They are discussed at length in Charles M. Thomas, *American Neutrality in 1793* (New York, 1931). Thomas views Jefferson and Hamilton as the partisans of France and Britain, respectively; neither one, therefore, was capable of formulating a policy of neutrality. Washington, Thomas says, was completely unprejudiced—by judicious selection of elements from the proposals of the two antagonists in his cabinet, he was able to establish a truly neutral policy. *Ibid.*, p. 66.

[15] Bemis, *A Diplomatic History of the United States* (Rev. ed., 1942), p. 96.

[16] Leonard D. White, *The Federalists* (New York, 1948), p. 214; Graham H. Stuart, *The Department of State* (New York, 1949), p. 19.

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foreign policy toward an intimate connection with Great Britain. Jefferson recognized the questions at once as "not the President's, that they were raised upon a prepared chain of argument, in short, that the language was Hamilton's, and the doubts his alone. They led to a declaration of the executive, that our treaty with France is void." The President himself confirmed Jefferson's conclusion; he had never doubted the validity of the treaties, he said, but it had seemed proper to discuss the question once it had been raised.[17]

Hamilton meant to use the occasion to break the legal and moral bonds between France and the United States, and this was tacitly acknowledged in the written answers submitted to Washington by Jefferson, Attorney-General Edmund Randolph, and Hamilton himself. Hamilton's argument could only be sustained by a denial of a people's right of revolution, the very premise upon which the independence of his own country rested. If Washington did not take this natural right seriously, Jefferson did. "Would you suppose it possible", he demanded of Madison, "that it should have been seriously proposed to declare our treaties with France void . . . and that it should be necessary to discuss it?"[18]

Outvoted on the question of issuing a proclamation, Jefferson reluctantly acquiesced in the publication of a declaration defining the duties of American citizens toward the European belligerents. He managed to keep the word "neutrality" out of the document Randolph drafted, however, in deference to the constitutional provision giving to Congress the power to declare war. That power, Jefferson reasoned, logically included the power *not* to declare war, and the Hamiltonian strategy of aggrandizing the executive by encroachments upon the prerogatives of the legislature had already assumed a familiar pattern.

But more immediately important, Jefferson continued to hope that some American advantage might be extracted from Europe's adversities. England continued to negate the treaty of 1783

[17] A. A. Lipscomb and A. E. Bergh, eds., *Writings of Thomas Jefferson* (Thomas Jefferson Memorial Association, 1903), I, 349–350, 351; Ford, *Jefferson*, I, 226–227, "May 6 written".

[18] Ford, *Jefferson*, VI, 232. April 28, 1793.

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and Spain still withheld the navigation of the Mississippi. At the least, Jefferson thought the United States might gain the belligerents' recognition of the broadest neutral rights in return for a formal guarantee of neutrality.[19] But events were moving swiftly. Jefferson could not have forseen the alacrity with which the French consul at Charleston acted upon his own interpretation of the treaties of 1778. Events precipitated by French official agents and their extreme sympathizers, as well as the machinations of Hamilton and Britain's friends, militated against an effective diplomacy in the national interest.

Jefferson had not forgotten that America's real interest lay in avoiding involvement in the war. He expressed his own views, as well as those of his countrymen, in a letter of April 20, 1793 to Gouverneur Morris, American minister at Paris. "No country perhaps was ever so thoroughly against war as ours. These dispositions pervade every description of its citizens whether in or out of office. They cannot perhaps suppress their affections, nor their wishes. But they will suppress the effects of them so as to preserve a fair neutrality."[20] The Pinckney treaty with Spain in 1795 and the Louisiana Purchase in 1803 proved the soundness of the Jeffersonian policy of manipulating the European balance of power for the benefit of the United States.

Jefferson's hope of American gain from Europe's embroilment was doomed to disappointment, for already "Hamilton . . . had triumphed in Jefferson's own domain."[21] The proclamation deprived Jefferson of room for diplomatic maneuver and, thanks to the intimacy between the Secretary of the Treasury and the British minister, George Hammond, His Majesty's Government

[19] Lipscomb and Bergh, *Jefferson*, I, 266; Schachner, *The Founding Fathers*, p. 241. On January 22, 1797, when the United States was on the verge of war with France, Jefferson wrote: "It will never be easy to convince me that by a firm yet just conduct in 1793, we might not have obtained such a respect for our neutral rights from Gr. Br. as that her violations of them & use of our means to wage her wars, would not have furnished any pretence to the other party to do the same. War with both would have been avoided, commerce & navigation protected & enlarged." To Doctor John Edwards. Ford, *Jefferson*, VII, 113.

[20] Ford, *Jefferson*, VI, 217.

[21] White, *The Federalists*, p. 214.

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already had Hamilton's pledge that America's French connections need cause it no concern.[22] Partly because Hamilton had been plotting with Hammond for more than a month to scuttle the Franco-American treaties, the British government was soon demanding that America pay for the privilege of remaining neutral.[23]

Under these circumstances, it would indeed have been unrealistic for Jefferson to attempt a diplomatic *tour de force*, if only because he had already been sabotaged by Hamilton. The latter has been chided by his most recent biographer for his "surprising freedom" in sharing the secrets of his government with the agent of a foreign Power. This "freedom" might well deserve an uglier name.[24]

III

Jefferson realized that "a fair neutrality will prove a disagreeable pill to our friends [the French], though necessary to keep out of the calamities of war." He was soon hard put in Washington's cabinet to uphold even a "sneaking neutrality". For that much the President's vote was responsible, for Jefferson was always outvoted by his fellow cabinet members "2½ against 1½". Secretary of War Henry Knox habitually echoed Hamilton, and Randolph's congenital ambivalence accounted for the split vote. Hamilton, according to Jefferson, was "panic-struck if we refuse our breach to every kick which Gr. Brit. may chuse to give it."[25]

[22] Schachner, *Alexander Hamilton*, p. 317; White, *The Federalists*, p. 213 and note; Malone, *Jefferson*, II, 452–453, 467.

[23] See Bernard Mayo, ed., "Instructions to the British Ministers to the United States, 1791–1812", in *Annual Report of the American Historical Association, 1936* (Washington, 1941), III, 36–43. Jefferson wrote to James Monroe on May 5, 1793: "Gr Br has as yet not condescended to notice us in any way. No wish expressed of our neutrality, no answer of any kind to a single complaint for the daily violations committed on our sailors & ships. Indeed we promise beforehand so fast that she has not time to ask anything." Ford, *Jefferson*, VI, 240.

[24] Schachner, *Hamilton*, p. 316. See Bemis, ed., *American Secretaries of State*, II, 34–36, and Malone, *Jefferson*, II, 412–419.

[25] Ford, *Jefferson*, VI, 232, 239–240. Jefferson to Madison, April 28, 1793; to Monroe, May 5, 1793. Commenting upon the tragedy of Randolph's ruin three

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James Madison was shocked at the "anglified complexion" of executive policies which the presidential proclamation of neutrality announced. His reasons for calling the proclamation a "most unfortunate error" deserve quotation:

> It wounds the national honor, by seeming to disregard the stipulated duties to France. It wounds the popular feeling by a seeming indifference to the cause of liberty. And it seems to violate the forms & spirit of the Constitution by making the executive Magistrate the organ of the disposition, the duty & the interest of the Nation in relation to War and peace, subjects appropriated to other departments of the Government.[26]

Madison astutely perceived that Hamilton aimed to "shuffle off" the treaty of alliance with France—a trick he considered "equally contemptible for the meanness and folly of it." If a change of government absolved a nation from foreign engagements, would not such a change abrogate domestic obligations as well? Hamilton's fiscal system was based on an opposite doctrine. Madison described with alarm its ultimate effect: "In fact, the doctrine would perpetuate every existing Despotism, by involving in a reform of the Govt a destruction of the social pact, an annihilation of property, and a compleat establishment of the state of Nature."[27] Here was no "filthy democrat" yearning for a Rousseauan idyll; Madison understood the principles of public order better than Hamilton.

The public outcry against the Washington administration's evident tenderness toward England alarmed Hamilton almost as much as it misled the volatile Genet, the first minister of the French Republic to the United States. Fuming at a neutrality which he continually flouted, Genet mistook the war cries of the Francophile lunatic fringe for the authentic voice of a nation

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years later Madison had the unfortunate man's characteristic vacillation in mind: ". . . his best friend can't save him from the self-condemnation of his political career, as explained by himself." To Monroe, January 26, 1796, quoted in Irving Brant, "Edmund Randolph, Not Guilty!" *William and Mary Quarterly*, VII (April 1950), 197.

[26] Gaillard Hunt, ed., *Writings of James Madison* (New York, 1900–10), VI, 128n. To Jefferson, May 8, 1793.

[27] *Ibid.*, pp. 127–128. Madison to Jefferson, May 8, 1793.

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which wanted only a fair neutrality fulfilling America's international obligations and interests. Genet arrogated to himself proconsular powers in order to instruct Americans in the principles of freedom. A Girondist revolutionary democrat in theory, he was an autocrat in practice. He soon became Hamilton's foil and the worst enemy of his cause.

It was the recklessness of Genet which lent an aura of plausibility to the arguments of "Pacificus" (Hamilton). Against the background of the reaction Genet aroused and the Federalists cultivated, he painted the bogey of a suicidal war with England, slyly tarring the great mass of Republicans with the brush of Genet's extremism. The interest of the United States was opposed to the straw man of a purported Republican desire for war which, as Hamilton knew from his cabinet disputations with Jefferson, was a hoax.

Hamilton's defense of the neutrality proclamation tended directly to a denunciation of the treaties with France. It also imputed treason to the proclamation's critics. Both were calculated to produce a sharp reaction among Republican leaders. Jefferson lamented to Madison: "Nobody answers him, & his doctrines will therefore be taken for confessed. For God's sake, my dear Sir, take up your pen, select the most striking heresies and cut him to pieces in the face of the public."[28] The "Helvidius" articles, which Madison wrote in answer to his friend's plea, have been belittled as "tiresome" pieces dealing "exclusively with the constitutional question."[29] They were neither. Through Madison's argument runs the thread of the danger to republicanism contained in Hamilton's tendentious assertions. There was nothing legalistic about his opening sentence: "Several pieces with the signature of Pacificus were lately published, which have been read with singular pleasure and applause by the foreigners and degenerate citizens among us, who hate our republican government and the French Revolution."[30]

[28] Ford, *Jefferson*. VI, 338. July 7, 1793.

[29] Andrew C. McLaughlin, *A Constitutional History of the United States* (New York, 1935), p. 255; Morgenthau and Thompson, *op. cit.*, p. 37.

[30] Neal Riemer, "The Republicanism of James Madison", POLITICAL SCIENCE QUARTERLY, LXIX (March 1954), 45–64; Hunt, *Madison*, VI, 138; Brant, *Madison*, III, 378.

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Madison's attack centered on "a secret Anglomany" hiding behind "the mask of Neutrality". Hamilton's case rested upon an interpretation of constitutional powers concerning war and peace which all but excluded the legislative branch of the government. But this Congressional power over war and peace was the heart of the matter and Madison, the most authoritative expounder of the Constitution, attacked Hamilton's unsupportable assertion of executive primacy. Where, he demanded, had "Pacificus" borrowed this foreign doctrine? "There is but one answer to this question. The power of making treaties and the power of declaring war, are *royal prerogatives* in the *British government*, and are accordingly treated as *executive prerogatives* by *British commentators*."

Madison's five letters all assailed Hamilton's constitutional misinterpretations and his contention that a change in government suspended the operation of treaties, an assumption which denied "the only lawful tenure by which the United States hold their existence as a nation." Madison's analytical rebuttal demolished Hamilton's basic premises, but even before it was published Genet's indiscretions were accomplishing what no amount of Hamiltonian argumentation could do. Genet's foolish attacks on the President enabled the Hamiltonians to use Washington's prestige and popularity to counter the popular sympathy for France.[31]

Hamilton designated Jefferson in later years as a "contemptible hypocrite",[32] a comment more revealing of its author than descriptive of Jefferson. Nowhere was Hamilton's hypocrisy more evident than in his defense of Washington's neutrality proclamation. Hamilton wanted to place Britain in the favored place France had won by her services and treaties; he admitted only to a desire for an impartial neutrality. He aimed at the repudiation of treaties which presented no immediate and present danger to his country; he rationalized this with a spurious

[31] Hunt, *Madison*, VI, 130 (Madison to Jefferson, May 27, 1793), 138–188; Brant, *Madison*, III, 378–379.

[32] John C. Hamilton, ed., *Works of Alexander Hamilton* (New York, 1850–51), VI, 419.

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appeal to the national interest. He was unable to refute the Jeffersonian logic, so he denounced it as warmongering.

In his zeal to remake the United States on an un-American and unpopular British model, Hamilton lost touch with reality. He would have forced upon his country a course carrying the stain of international faithlessness—a course which, moreover, was juridically untenable. He was a captive of his own misconceived "idealism".[33]

IV

Secretary of State Jefferson, on the eve of his retirement at the end of 1793, made a final attempt to arrest the trend of American policy toward open support of Britain and an unnecessary war with France which might have fragmented the American Union. Three years earlier, the Hamiltonian phalanx in Congress had defeated James Madison's program for a system of commercial discrimination against nations refusing to negotiate commercial treaties. At the same time, however, Congress ordered Jefferson to prepare a report on foreign commercial restrictions, and Jefferson began the collection of materials from overseas while Madison made domestic tonnage studies with the help of Tench Coxe, one of Hamilton's subordinates in the Treasury.[34]

But the European war which began in 1793 aggravated America's commercial grievances. While Washington's hard-pressed government sought to work out a policy of neutrality, Britain vastly augmented her maritime provocations. Reinvoking the doctrine of the *Consolato del mare*, which repudiated the more recent and liberal "free ships, free goods" principle, was a serious irritation, but the "provision order" of June 8, 1793 resulted in widespread seizures of American ships carrying grain to France.[35]

[33] Years later, after his enemies had triumphed and the Federalist party, which he had done so much to create and sustain, was disintegrating, Hamilton glimpsed the truth: "What can I do better than withdraw from the scene? Every day proves to me more and more, that this American world was not made for me." Lodge, *Hamilton*, X, 426. To Gouverneur Morris, February 27, 1802.

[34] See Brant, *Madison*, III, 389; Vernon G. Setser, *The Commercial Reciprocity Policy of the United States, 1774–1829* (Philadelphia, 1937), pp. 104–114.

[35] The "free ships, free goods" doctrine was written into the Franco-American commercial treaty of 1778; it was also incorporated in the Anglo-French treaty of

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Jefferson's Report on Commerce was sent to Congress on December 16, 1793, a few days before news reached Philadelphia of wholesale seizures of American vessels in the West Indies. This resulted from a November order-in-council broadening the provision order to include the produce and supply of the colonies of France—an order which, according to a student of British policy, "headed Britain straight for war with the United States." The ensuing debate in the House of Representatives was further enlivened by "the letting loose the Algerines upon us", which was accomplished through a British-arranged treaty between Portugal and the piratical Dey of Algiers.[36]

Jefferson's report, dealing with the situation as it existed before the belligerents enacted war measures, showed that American commerce was well treated by France, Spain and Holland, but was severely restricted by Great Britain. On January 3, 1794, Madison reintroduced in the House his 1791 commercial resolutions, in order to translate Jefferson's con-

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1786, but that of course terminated on the outbreak of war in 1793. From the war's beginning, Britain refused to recognize this "modern" principle, and Foreign Secretary Grenville repeatedly reminded his minister to Philadelphia that the American flag would not be permitted to protect French goods from seizure on the high seas. Grenville, however, was less than candid in asserting that Britain had never recognized the "free ships, free goods" principle. Mayo, ed., "Instructions to the British Ministers", *loc. cit.*, pp. 38, 41. Grenville to Hammond, March 12, July 5, 1793.

France retaliated against Britain's commercial warfare on May 9, 1793, ordering French vessels to treat neutrals in the same manner as Britain. Although the order contained provision for its repeal if Britain reversed her maritime system, it was admittedly a violation of the Franco-American treaty of 1778. The order was amended on May 23 to exempt American commerce, but the exemption was repealed on May 28, restored on July 1, repealed again on July 27, 1793, restored again in effect on March 24, 1794 and repealed finally on November 18, 1794. The tortuous history of the law of May 9, 1793 was intimately connected with the French Jacobin struggle for a policy of economic nationalism, as well as with the fate of certain rich American cargoes in the hands of politically influential French privateersmen. The law's final re-enactment followed rumors of American acceptance of British commercial regulations in the Jay-Grenville negotiations which led to Jay's Treaty.

[36] The "Report on Commerce" is in *American State Papers, Foreign Relations*, I, 300–304; Ford, *Jefferson*, VI, 470–484; and elsewhere. Alfred L. Burt, *The United States, Great Britain, and British North America* (New Haven, 1940), p. 153. Ford, *Jefferson*, VI, 489. Jefferson to Martha Jefferson Randolph, December 22, 1793.

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clusions into legislative action. The resolutions called for exact commercial reciprocity, restrictions on foreign commerce to match those placed on American trade and American favors in return for those granted the United States.[37]

Jefferson retired to his Virginia home confident that Congress would do its duty: "if this should produce war tho' not wished for, it seems not to be feared." The interests and honor of the United States could not be protected by supinely turning the other cheek, and Britain's excesses were now causing even the High Federalists to view the British attitude with a new realism.

> I believe we shall endeavour to do ourselves justice in a peaceable and rightful way. We wish to have nothing to do in the present war; but if it is to be forced upon us, I am happy to see in the countenances of all but our paper men a mind ready made up to meet it, unwillingly, indeed, but perfectly without fear. No nation has strove more than we have done to merit the peace of all by the most rigorous impartiality to all. . . .[38]

Britain feared the consequences of the violent outburst of anger in the United States because, as a London newspaper warned, "her situation renders her formidable against [us] on account of the English West India commerce." Hamilton too was fearful. Probably after hurried conferences with Hammond, he rallied his Congressional forces to a reluctant defense of England. William Smith of South Carolina led the counter-attack on Madison's proposals with a speech which Jefferson recognized immediately as "every tittle of it . . . Hamilton's except the introduction." The speech was a naked appeal to the fears of merchants and mercantile speculators whose profits would be the first casualties of war. Quite bluntly, Smith predicted that Madison's program would lead the United States into a disastrous war with Britain.[39] Hamilton's editor com-

[37] Hunt, *Madison*, VI, 203–208; Brant, *Madison*, III, 389–391.

[38] Ford, *Jefferson*, VI, 489, 495. Jefferson to Martha Randolph, December 22, 1793; to Dr. Edwards, December 30, 1793.

[39] *Archives des Affaires Étrangères, Correspondance Politique, États-Unis*, vol. 38, ff. 59vo–60. Hamilton's draft of Smith's speech is in Lodge, *Hamilton*, IV, 205–224. Ford, *Jefferson*, VI, 501–502. Jefferson to Madison, April 3, 1794.

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ments approvingly that Smith's speech placed the "question on business and commercial principles, and [lifted] it above national prejudices and resentments." This is exactly the way Hamilton would have explained the second surrender to the phantom of a British war.[40]

It is at least debatable whether Britain, as sorely in need of American provisions as France, would have forced the United States into the war. British merchants were as jealous of a most profitable branch of their commerce as their government was ruthless in extending and protecting it. Because prevailing winds required shipping to beat up the American coast before standing off for Europe, American privateers might in effect have canceled out the British command of the North Atlantic. And certainly Britain and her allies, whose forces were reeling across the Rhine before the victorious armies of Republican France, could not have supported a land war in America.

The Hamiltonian argument against Madison's commercial program was based not on realism but on demagoguery. Hamilton and his supporters were motivated by devotion to the revenue-producing commercial connection with England and to the cause England represented, rather than by a concern with America's real interests.

V

Britain herself nullified Hamilton's defense, for accumulating reports of British West Indian depredations infuriated even the staunchest Federalists.[41] A New England correspondent of Secretary Knox wrote in March that "most of our cool good men think war inevitable", and Madison had to inform Jefferson that his resolutions had been set aside because "the evils which they were to remedy . . . called for more active medicine." Madison, however, believed that war with England would be avoided: "War would turn the arrangement against her by

[40] Lodge, *Hamilton*, IV, 219–220n.

[41] "Letters of Phineas Bond", in *Annual Report of the American Historical Association, 1897* (Washington, 1898), pp. 543–545, 547–552. Bond to Grenville, March 10, April 17, 1794. Bond, British consul at Philadelphia, believed Madison's system of commercial discrimination would inaugurate a "war of duties". *Ibid.*, p. 544.

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breaking up the trade with her, and forcing that with her enemies. I conclude therefore that she will push her aggressions just so far and no farther, than she imagines we will tolerate."[42]

Few of Madison's colleagues shared his calm. In March 1794, Congress overwhelmingly enacted a thirty-day embargo on all foreign commerce and considered more drastic measures, including a prohibition of English imports and the sequestration of British debts. In desperation, Hamilton turned all his persuasiveness upon President Washington, in effect proposing his own appointment as special envoy to London to obtain redress of America's grievances.

It was neither the first nor the last time that Hamilton used Washington's prestige for his own purposes. Intimations of Hamilton's appointment, however, promised to cause such a sensation that Washington quickly dropped him and named Chief Justice John Jay in his stead. As Madison lamented, "the influence of the Executive on events, the use made of them, and the public confidence in the President are an overmatch for all the efforts Republicanism can make." Madison was vindicated nevertheless; for Britain, alarmed at the public outcry in America, had already rescinded the obnoxious November order-in-council.[43]

John Jay was as experienced a diplomat as America then boasted, for the incomparable Benjamin Franklin had died four years earlier. But Jay, like Hamilton, was "perfectly British in his affections", as a Virginia Republican remarked.[44] The suspicion of France which had led him to initiate separate peace negotiations with Britain in 1782 turned to antipathy in the French Revolution. An aristocrat with a seaboard outlook, Jay had earned the hatred of the American West and South for his abortive attempt in 1785 to surrender American claims to

[42] Henry Jackson to Knox, March 1794, quoted in Channing, *A History of the United States*, IV, 135n.; Hunt, *Madison*, VI, 210–211, 208–209. Madison to Jefferson, March 26, 1794; to Horatio Gates, March 24, 1794.

[43] Hunt, *Madison*, VI, 212, 216–217. To Jefferson, April 28, May 25, 1794.

[44] Harry Ammon, "The Formation of the Republican Party in Virginia, 1789–1796", *Journal of Southern History*, XIX (August 1953), 306. John Nicholas to W. C. Nicholas, April 30, 1794.

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the navigation of the Mississippi in return for Spanish commercial benefits. Jay's defects of personality made him similarly vulnerable to British blandishments. His exaggerated vanity and self-esteem were well known at Whitehall, which had been advised that "Mr. Jay's weak side is Mr. Jay." The British government flattered and entertained Jay till his head spun.[45]

Jay's negotiations with the adroit British Foreign Secretary, Lord Grenville, resulted in a treaty amounting to a virtual alliance with England against France. Jay not only surrendered the American definition of neutral rights, but he explicitly committed the United States to acquiescence in Britain's arbitrary maritime practices. He deprived the United States of a potent weapon which caused real concern in the British mercantile community by agreeing to a permanent prohibition, even in time of war, of the sequestration or confiscation of debts. Instead of "strenuously pressing" for compensation for all injuries and captures sustained by American commerce, as he had been instructed, Jay contracted to refer all American spoliation claims, boundary disputes, and American private debts incurred before the peace of 1783, to mixed arbitral commissions. The treaty said nothing of the slaves carried off by the British during the Revolution, of England's bloody incitements of the Indians along the American frontier, or of other equally important American grievances.

In return for Jay's pliability, Grenville agreed to surrender the Northwestern posts, which had already been American territory under the international law of treaties since 1783. He also conceded to the United States the niggardly right of trading with the British West Indies in vessels of a maximum seventy-tons cargo capacity for the duration of the war and for two years after its termination. This privilege, however, included a prohibition of American imports of such staples as sugar and cotton, and even the Hamiltonians considered it unacceptable.[46]

[45] Frank Monaghan, *John Jay, Defender of Liberty* (Indianapolis, 1935), p. 372.

[46] The treaty is in Hunter Miller, ed., *Treaties and Other International Acts of the United States of America*, II (Washington, 1931), 245–274. A few days after the treaty was signed, but more than three months before it reached Philadelphia, Consul Bond suggested a similar West Indian concession, both as a sop to American

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But the treaty was not wholly the fault of Jay. Its provisions bore closer resemblance to Hamilton's stated views than to the virtually ignored instructions of Secretary of State Edmund Randolph. Hamilton later described Randolph's instructions as "a crude mass" which only "a great confidence in the person to be sent" had prevented him from attempting to remedy.[47]

Jay's hint of possible American participation in a new League of Armed Neutrality produced British concessions at one stage of the negotiations, but these were soon withdrawn. Hamilton's gratuitous assurance to Hammond that the United States would have nothing to do with such a system reached Grenville in time to erase Jay's advantage. Apparently neither Jay nor Hamilton considered Madison's program of commercial discrimination useful, even as a diplomatic bargaining weapon.[48]

Hamilton's interference with the Jay mission demonstrated an ideological rigidity which was the opposite of realism. It was a particularly damaging instance of the incorrigible meddling which repeatedly saved the British ministry the trouble of giving serious thought to American grievances.

VI

Despite his own responsibility for Jay's Treaty, Hamilton insolently denounced it in private as an "execrable one" made by "an old woman". Then, with the aid of Hammond's financial resources and influence, he proceeded to whip the Senate's overwhelming Federalist majority into line for approval. French

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merchants and in order to guarantee the provisioning of Britain's insular colonies. "Letters of Phineas Bond", *loc. cit.*, pp. 561–562. Bond to Grenville, November 23, 1794.

[47] Hamilton, *Hamilton*, IV, 551–555; VI, 97. Hamilton to Jay, May 6, 1794; to Washington, March 28, 1796.

[48] Grenville expressed his concern regarding the Swedish Armed Neutrality proposals in letters of May 10 and June 5, 1794 to Hammond, and his relief at the latter's "very acceptable" information was conveyed in a despatch dated October 2, 1794. Mayo, ed., "Instructions to British Ministers", *loc. cit.*, pp. 54–57, 58, 67–68. See Bemis, *Jay's Treaty*, pp. 229, 246–248; Burt, *op. cit.*, p. 103n. Professor Burt argues that the proposed Armed Neutrality presented no threat to Britain, but that point is irrelevant even if true. Grenville admittedly was apprehensive on that score and was willing to make concessions to prevent American adherence.

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Minister Fauchet, appreciating the treaty's significance, was beside himself when approval was obtained on June 24, 1795, without a single vote to spare. He later offered a blunt explanation of this culminating failure of his mission—Hammond had reached two wavering senators with "*Res non verba.*"[49]

Senate approval of the Jay Treaty, minus the West Indian article, opened the floodgates of public indignation. With "Damn John Jay" ringing in every city in the land, even so impeccable a patriot as John Rutledge of South Carolina, recently appointed Chief Justice of the United States, denounced the treaty as a betrayal of American interests and an insult to American manhood. The indefatigable Hamilton rushed into print with thirty-eight articles signed "Camillus", but he was stoned in New York when he attempted an oral defense of the treaty.[50]

The arrogance of England's maritime policy toward the United States was matched only by her determination that Jay's Treaty be ratified. The harsh provision order of June 1793, which had pushed America to the brink of war, was secretly renewed in April 1795. When Randolph discovered this, he persuaded President Washington that the order's repeal should be a prerequisite to ratification of the treaty. Randolph's belated opposition, however, had already been foreseen in London, and a malicious plot to destroy him was already taking shape.[51]

Although Fauchet always believed that Randolph was the treaty's most ardent champion, Foreign Secretary Grenville

[49] Bowers, *Jefferson and Hamilton*, p. 271; Brant, "Edmund Randolph, Not Guilty!" *loc. cit.*, p. 197; Joseph Fauchet, "Mêmoire sur les États Unis d'Amérique", ed. by Carl L. Lokke, *Annual Report of the American Historical Association, 1936* (Washington, 1938), I, 111.

[50] Richard Hildreth, *The History of the United States* (New York, 1849–56), IV, 551; Bowers, *Jefferson and Hamilton*, pp. 280–281; Schachner, *Hamilton*, p. 350. Rutledge's opposition to the treaty caused the Senate to defeat his appointment. See George Gibbs, *Memoirs of the Administrations of Washington and John Adams* (New York, 1846), I, 219, 224. Oliver Wolcott to Hamilton, July 28; to Oliver Wolcott, Sr., August 10, 1795.

[51] Josiah T. Newcomb, "New Light on Jay's Treaty", *American Journal of International Law*, XXVIII (October 1934), 685–692; Moncure D. Conway, *Edmund Randolph* (New York, 1888), p. 267.

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had long thought otherwise. As early as November 1794 Grenville had become thoroughly displeased with Randolph. He instructed Hammond to "converse confidentially" with England's powerful friends (that is, Hamilton and company) with a view to Randolph's removal. The Secretary's personal sentiments, Grenville observed, might endanger the "permanent Union" which he regarded as established by Jay's Treaty.[52]

The following April, Grenville confessed to "a great degree of uneasiness" concerning the success of the treaty. Encouraged by Hammond's groundless presumption that Randolph was treasonably corrupt, "which the pecuniary embarrassments and general character of Mr. Randolph render far from improbable," Grenville seized upon some vague intercepted despatches of Fauchet and ordered Hammond to "communicate such Parts of them as you may deem expedient to well disposed Persons in America."[53] Hammond had no difficulty in selecting two strategically placed "well disposed Persons": the slippery and slavish follower of Hamilton, Oliver Wolcott, principal assistant and now his successor as head of the Treasury, and the fanatic and malevolent Federalist hack, Timothy Pickering, recently transferred from the office of postmaster-general to the secretaryship of war.

Despite, or perhaps because of, the close personal relationship between Randolph and the President, Pickering and Wolcott were able to contrive an unmerited disgrace for Randolph which remains unparalleled in cabinet history for sheer malice. The participation of the intensely virtuous Washington in Randolph's frame-up can be explained only in terms of advanced physical and mental deterioration. Thereafter, the High Federalist clique brazenly manipulated Washington for its own partisan advantage.[54]

Even before the star-chamber proceedings which accomplished

[52] Fauchet, "Mémoire", *loc. cit.*, p. 111. Mayo, ed., "Instructions to British Ministers", *loc. cit.*, p. 75. Grenville to Hammond, November 20, 1794.

[53] "Instructions to British Ministers", pp. 80, 83n., 83, 85. Hammond to Grenville, April 28; Grenville to Hammond, April 15, May 9, June 5, 1795.

[54] Irving Brant's "Edmund Randolph, Not Guilty!" (in note 25) is a complete and definitive exoneration of Randolph.

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the unhappy Randolph's ruin, Washington ratified the treaty with England,[55] in complete disregard of his own previous ultimatum to Hammond. Britain's diplomatic triumph, thanks to her unscrupulous partisans in Washington's administration, was complete. The fiction of American neutrality in the desperate struggle between France and Britain was, for practical purposes, ended. Ironically, it was the pen of Washington, whose name has become indissolubly linked with American neutrality, which put a period to neutrality in 1795.

By aligning itself with England in the economic phase of the European war, the United States had in effect declared war on France. So it seemed to the new French government of the Directory. It soon decided to send a special envoy to Philadelphia to protest what it regarded as "the equivalent of an intimate alliance with our cruelest enemy." To James Monroe, American minister to France, the Directory added that it preferred an open enemy to a treacherous friend.[56] Although France spent several months seeking a way out of this dilemma, subsequent acts of the Federalist government and the logic of events propelled the two countries toward open, if undeclared, war.

The Jay Treaty was foisted upon the American people in the name of peace; instead, it made war inevitable. Although preferring peace with profits, the Hamiltonians were not averse to war with France if the eradication of French (and American) Republican ideals required it. Standard historical treatments of the Jay Treaty assume that its failure would have meant inevitable war with Britain, but this view relies mainly on Federalist propaganda for the treaty.[57] The logical corollary—that the treaty's success pointed equally to war with France—

[55] August 14, 1795.

[56] *Archives des Affaires Étrangères, Correspondance Politique, États-Unis*, vol. 45, ff. 182–191, 193–193vo, 194–194vo, 196, 197. Instructions, letters of credence for Citizen Vincent and for an eventual chargé d'affaires and letter of recall for Minister Adet, all dated March 6, 1796. Stanislaus M. Hamilton, *Writings of James Monroe* (New York, 1898–1903), II, 461. Monroe to Madison, February 15, 1796.

[57] Bailey, *Diplomatic History*, pp. 66–67; Bemis, *Diplomatic History*, p. 103.

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is curiously ignored. The traditional premise, moreover, failed to take into account the indications of British disinclination to war with the United States, which Madison had perceived from the very outset. The general British awareness of their vulnerability to American sea forays, the British government's concern over Armed Neutrality proposals, Grenville's anxiety over the delay in ratification of the treaty, and the unscrupulous measures he and Hammond employed for the treaty's adoption, all suggest that its rejection might instead have made possible a more just and equitable Anglo-American accommodation. They certainly indicate that Jay (and Hamilton) could have made a much better treaty.

VII

As Grayson L. Kirk recently remarked, it is "*de rigueur* to expatiate on the prescient wisdom of the Founding Fathers."[58] Alexander Hamilton has received more than his share of the credit for the founding of the American nation. Historians writing in the Darwinian economic and social climate of the late nineteenth century tended to exalt him as the preëminent Founding Father, the creator of American nationality. This tendency was climaxed in Henry Cabot Lodge's edition of Hamilton's writings and it spilled over into the twentieth century in a spate of eulogistic biographies.[59] It has remained for Professor Morgenthau's school, however, to formulate a conception of the history of American foreign policy which places Hamilton at the pinnacle of American wisdom, in original and exclusive possession of the true understanding of the national interest of the United States.

Hamilton's concept of the national interest, in fact, was grossly in error. The distinctly American vision which Republicans and Adams Federalists shared was entirely foreign to him.[60]

[58] Grayson L. Kirk, "In Search of the National Interest", *World Politics*, V (October 1952), 110.

[59] F. S. Oliver, *Alexander Hamilton: An Essay on the American Union* (New York, 1907), is the classic example of this genre.

[60] Hamilton sensed something of the sort after his political influence had nearly disappeared. Lodge, *Hamilton*, X, 425–426. To Gouverneur Morris, February 27, 1802.

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Hamilton was a philosophical monarchist and a practical mercantilist. But for his genius at dissimulation, he must have appeared the most incongruous public figure of a generation whose spirit was devoted to republicanism and the spirit of the Enlightenment. To further his retrogressive, Hobbesian system, Hamilton consciously and cynically sought to transfer to America what Professor R. R. Palmer calls the vicious practice and the virtuous theory of the eighteenth-century British Constitution. Or, as Jefferson explained it, Hamilton was "so bewitched & perverted by the British example, as to be under thoro' conviction that corruption was essential to the government of a nation."[61] Hamiltonian foreign policy was necessarily based on Hamilton's unreal vision of the United States as another seventeenth-century British Leviathan. So archaic and non-American a frame of reference could not produce realism.

Jeffersonian foreign policy, on the other hand, flowed from a sympathetic understanding of the uniqueness of the American political experiment—that uniqueness which Jefferson and his colleagues sought to preserve in the main stream of American development. Jefferson was a nationalist who knew and loved his country as Hamilton never did. Jefferson's view of the interest of the United States has been vindicated by American history. It represented the future of America and of the Western World.

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[61] R. R. Palmer, "The World Revolution of the West, 1763–1801", POLITICAL SCIENCE QUARTERLY, LXIX (March 1954), 7; Ford, *Jefferson*, I, 180.

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COMMODITY TRADE, EXPORT TAXES AND ECONOMIC DEVELOPMENT*

I. Introduction

THE tasks of fiscal policy in underdeveloped countries have only recently begun to receive the attention they deserve. Prevailing ideas on this matter recall somewhat the stage reached by fiscal policy for advanced economies around 1930, when programs were generally confined to minimum governmental expenditures and annually balanced budgets; that is, before the great departure on the new Keynesian vehicle, once economists and officials had recognized the business cycle and its causes in industrial societies. For the underdeveloped countries today, only a few empirical students, and still fewer fiscal theorists, have so far recognized that special conditions in those lands may call for special treatment of taxation, expenditures, budget construction and national debt—treatment which may perhaps need to be at once more broadly positive and more severely negative than is required in the advanced economies for which our modern fiscal theory has been formulated. Meanwhile, many governments, facing urgent demands for social reform and economic progress, as well as the more familiar problems of income stabilization, have not waited for the sanction of economists, but have devised or extended various measures of an *ad hoc* and often experimental type. Outstanding among these measures is the taxation of primary commodity exports.

The need and the opportunity for fiscal action to promote development are nowhere greater than in the primary-producing type of country, heavily dependent upon exports of a few staple products. For in such a country the common developmental

* The author is indebted to K. E. Lachmann, H. W. Singer, Henry H. Villard and Elliot Zupnick for several helpful comments. Some of the views in this article were first formulated by the writer while a consultant to the United Nations Secretariat, but these pages are solely his own responsibility.

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handicap of capital shortage is compounded with the vicissitudes of foreign trade. The export tax is a device to cope with both these handicaps, striking two blocks with one rod. Within its limits, it is a compensatory device against the cyclical fluctuations of trading income; and it is also a means of obtaining developmental resources from trade which is the principal dynamic element in those lands.

Export taxes are unfamiliar in this country, being forbidden by the Constitution (Art. 1, Sec. 9, par. 5). The "tariff question" here has centered on import duties. Other countries, however, have experimented over the years with export taxes for a variety of purposes, ranging from revenue to embargo.

The most common economic objections to export taxes refer to supposedly adverse effects upon the balance of payments of the taxing country and/or upon the production and distribution of the national income. These effects necessarily are inferred from certain assumptions as to economic behavior in the taxing country, in competing countries, and in foreign markets. However, it can be shown that, when those assumptions do not hold, a selective export tax may be entirely appropriate and desirable. The most important case is a period of commodity boom, due perhaps to secularly expanding usage of a particular material, or cyclical upswing of manufacturing in general, or exceptional stock-piling, or outbreak of war; that is to say, a period when the world-wide demand for the commodity increases sharply in volume and declines in sensitivity to price changes. Compared with other possible official measures during such a period, the export tax will usually offer considerable advantages, especially as to administrative feasibility and even to some extent as to economic effects.

Recent events have given prominence to the export tax device. The raw-materials boom which followed the outbreak of the Korean War, and provided the primary-producing countries with sudden prosperity, focused attention on export trade as a source of support for economic development as well as a current dislocation via inflationary pressures and associated stresses. Many of these countries established or widened export taxes and other devices as a means of siphoning off some of the

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gains from trade. It is not generally appreciated that under these circumstances certain primary-producing countries substantially improved their economic status, with respect to both national income and real capital formation. The stimulus of an export boom is clearly not trivial and need not be ephemeral.

At the same time, it has become clear that underdeveloped countries cannot count upon any great international flow of capital to underwrite the heavy costs of development. Recent policy in Washington toward intergovernmental grants and loans for economic purposes has sought to limit them, and only reluctantly to respond to foreign challenges. Existing international agencies have not markedly stepped up the supply of funds; and private investment funds are flowing out of advanced countries in substantial volume only for petroleum development. The retarded countries are therefore thrown back largely on their own resources. But it has become equally clear that many domestic economies cannot be expected to yield much of an increase in savings over the present rate; certainly not in democratic societies, where popular pressure is toward raising the levels of living and against any proposal to reduce them.[1] Yet governments are expected to take action to promote development. At this point the export operation presents itself as a dynamic sector of the economy, as one of the few sectors readily controlled, and as an intermittently profitable sector where gains can be extracted for constructive use elsewhere.

Paralleling these trends of events are certain theoretical reëxaminations of the "gains from trade", specifically, the distribution of the direct and indirect benefits of international trade. Several economists have recently contended that under the traditional pattern of international specialization and the dominant position of foreign merchants in the economic life of primary-producing countries, the gains of primary trade with industrial countries have gone largely to the latter countries

[1] Ragnar Nurkse, *Problems of Capital Formation in Underdeveloped Countries* (New York, 1953), chap. iii, has set forth most pointedly the idea that in the retarded countries the already low propensity to save is increasingly restricted by the "demonstration effect" of the high consumption levels of Americans and other advanced nations.

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in actual fact, no matter what neoclassical theory may say as to a widespread distribution of the gains under ideal conditions of perfectly competitive domestic and international markets.[2] This doctrine implies that government intervention to change the conditions of investment and trade is necessary if the underdeveloped countries are to acquire a larger share of gains from trade, whether these gains be used for consumption or for real capital formation.

Export taxes are only one of several devices recently extended or newly evolved to deal with these problems of trade. Various governments have adopted other devices such as foreign-exchange taxes; differential exchange rates; export monopolies conducted by the state; expropriation of the producing or processing facilities, especially foreign-owned plantations; along with the more general functions of comprehensive exchange control and positive regulation of exports and imports.

II. The Pattern of Export Taxes

The record of export taxes in primary-producing countries is varied but until recently undistinguished. The limited use of these taxes during the nineteenth century reflects somewhat the easier, freer and possibly more romantic conditions of commerce in those days. Export taxes were applied chiefly in entrepôts like Singapore and Zanzibar (where taxes on imports were considered disadvantageous to trade in general as well as to the home-country's exports); in monopolistic positions (such as Ceylon's command over cinnamon and quinine); and in regions where no more than a modest and easily collected revenue from relatively light taxes was desired. The tradition of free trade was powerful, while the governments of the primary-producing countries were weak or were simply colonial. Down to the present day export taxes have also been employed in situations where funds and incentives for improvement of a particular product were sought by a nominal levy on sales

[2] See, for example, H. W. Singer, "The Distribution of Gains Between Investing and Borrowing Countries", *American Economic Review*, May 1950. This line of argument is opposed on classical grounds by Jacob Viner in *International Trade and Economic Development* (Oxford, 1953), pp. 42–54 and 112–17, but is supported with some reservations by Nurkse, *op. cit.*, pp. 20–31.

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TABLE I. TRENDS OF EXPORT TAXATION

Export Tax Yields as Percentages of Total Tax Receipts, Selected Countries, 1939 and 1947–53[a]

	1939	1947	1948	1949	1950	1951	1952	1953
Africa								
Nigeria		13	9	11	19			
Uganda		25	30	46				
Asia								
North Borneo					33	50[b]	52[b]	
Burma			2	3	2	2	2	2[b]
Ceylon			29[c]	29[c]	31	38	30[b]	24[b]
India	6[d]		8	8	8	13	20	15[b]
Indonesia		14	18	11	9	8		
Malaya			34[e]	30[e]	41[b]	34[b]	29[b]	
Pakistan			19	10	20	40	22	
Thailand		6[d]	8			8	10	
Europe								
Portugal[d]	1		2	1	1	1	1	
Latin America								
Brazil (Cent. Govt. and States)	(1940) 3	2	2	1	1			
Costa Rica				2	2	2		
Dominican Republic					14			
Guatemala	17	11	9	8		7[f]		
Haiti	19	22	20	19	20			
Honduras			4	3	2[f]			
Mexico	16	12	11	21	18			
Nicaragua		3	4	2	4	9		
Panama	1		0.4	1	0.4	0.4		
Paraguay	(1941) 6	4	3					
Peru[d]	(1938) 12	29	22	23	33	32	26	
El Salvador	(1940) 9	14	17	19	20	32		

[a] Figures are for fiscal years ending in the years indicated, and refer to receipts of central governments only (except as indicated for Brazil). Some of the figures for 1952, and all of those for 1953, are "revised estimates", not settled accounts. Nontax revenues, notably profits of state monopolies and of state-owned enterprises, have been excluded. The table includes most of the countries which levy export taxes and make available the relevant data.

Principal source: United Nations, Department of Economic Affairs, Fiscal Division, "Survey of Principal Methods of Taxing Agriculture in Underdeveloped Countries", in *Papers and Proceedings of Conference on Agricultural Taxation and Economic Development*, Law School of Harvard University (Cambridge, 1954), Table 1, pp. 300–3.

Supplementary data applied to revise and extend the foregoing as indicated, chiefly to include nonagricultural items and additional years.

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[b] United Nations, Economic Commission for Asia and Far East, *Economic Survey of Asia and the Far East, 1953*, Special Table F, "Major Components of Tax Revenue", pp. 134–35.

[c] International Bank for Reconstruction and Development, *The Economic Development of Ceylon* (Baltimore, 1953), p. 173.

[d] United Nations, *Statistical Yearbook, 1953*, Table 169, "Budget Accounts and Public Debt".

[e] United Nations, Economic Commission for Asia and Far East, *Economic Survey of Asia and the Far East, 1951*, Appendix Table XI.3, "Major Components of Government Revenue, 1947–52", pp. 372–77.

[f] Louis Shere, "Sugar Taxation in the Caribbean and Central American Countries" (mimeo.), Pan American Union (Washington, D. C., 1952), Table C-1.

(similar to the "cesses" imposed on production) of that product, especially the inferior grades. Export taxes have also been imposed on raw products, as in Venezuela and Mexico, to promote local processing. In addition, export taxes have been used in times of inflation to reserve certain home-produced commodities for the home market.[3]

As late as the 1930's there were few countries where export taxes occupied an important place in the fiscal structure. The principal exceptions were to be found in Latin America, where in 1939 export taxes provided 16–19 per cent of total tax receipts of the central governments of Guatemala, Haiti and Mexico. Subsequently, however, the expansion of this levy has been very marked. Scarcity conditions during the Second World War encouraged the use of export taxes, which were reduced during post-war readjustments and then were greatly elevated and broadened in many countries during the materials boom that accompanied the Korean War. The contribution of export taxes to the total tax revenues of a number of primary-producing countries during the cycle of 1948–1952 is set forth in Table I. The proportion of export taxes rose to a peak of one half of all tax revenues in a few cases, and attained from 32 per cent to 41 per cent in several other countries in Africa, Asia and Latin America. As the trade boom subsided, the share of export

[3] For some details of export taxes in the past see Ursula K. Hicks, "The Search for Revenue in Underdeveloped Countries", *Revue de Science et de Législation financières*, January–March 1952; also George Wythe, *Industry in Latin America* (New York, 1949), pp. 70–71.

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taxes declined in most instances. The chief exceptions to the fiscal pattern of this period were: (1) countries which adopted alternative devices (such as state export monopolies) to cope with the boom, (2) countries which were virtually untouched by the boom, and (3) countries in process of replacing commodity taxation by direct taxation.

Export duties are applied most extensively to agricultural produce. In Asia, these duties have been levied principally upon rubber, jute and jute products, coconut products, rice, tea, coffee, cocoa, spices, vegetable oils, wool, cotton and some textile products; in Latin America, upon sugar and sugar products, coffee, bananas, and cotton; in Africa, upon cocoa, coffee, coconut products and ground nuts. Export duties are also levied on a number of mineral products, chiefly petroleum, tin and a few other metals.

Most of the export taxes have been specific in form, expressing traditional preferences for a simple, definite tax and a minimum of paper work and investigation. However, with the growing awareness of the dangers of export-price fluctuation, the principle of ad valorem taxation of exports has gained some ground in recent years. A number of countries have combined specific with ad valorem features. One of the latest expressions of price consciousness in these countries is the device of the sliding scale, whereby exports are taxed on a schedule of progressive rates—sometimes specific amounts, sometimes percentages—linked to the export price.

A number of these features and their recent evolution are examined in Section IV below, dealing with the post-Korean experience, after the following analytic consideration of the need for export taxes and similar control devices.

III. The Flow of Marginal Income

In essence, the need for an export tax or some alternative regulatory device arises from certain divergences between social goals and the natural tendencies of the unregulated economy. Two of the principal social goals of low-income, primary-producing countries are stabilization of national income in the short run and development of the economy in the long run.

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But it is increasingly evident that the latter goal gains little, while the former suffers much, from the severe gyrations characteristic of export trade in primary produce.[4] An export boom, if allowed to run free, will often create more dislocation than development; and the subsequent recession tends to bring down both current income and the few developmental projects which may have been started. The people tend toward complacency and self-indulgence during the boom, and swing to regret and resentment during the recession. An export tax is intended to cope with these tendencies by siphoning off the gains of the boom and directing them into more desirable channels, for use immediately or at some more advisable time.[5]

The natural tendencies of an underdeveloped economy show up most clearly as a pattern of response to a foreign-originated rise in the prices of export produce. The initial effect is of course an increase in cash income from a given quantum of exports. Taken by itself, this increase represents a "pure gain" from improved trade.[6] The further consequences are more dubious and depend on: (1) the relative magnitude of the gains, (2) the structure of the economy through which the increased income flows, (3) the subsequent trends in the world economy, and (4) the fiscal policy of the government.

[4] The United Nations study, *Instability in Export Markets of Underdeveloped Countries* (1952. II. A. 1.), measures for several past decades the violent and recurrent reversals in prices and quanta of trade in primary commodities. The movements of prices and quanta have usually been in the same direction during both upswings and downswings, and thus have joint rather than offsetting effects upon export earnings.

[5] As Professor Nurkse points out, "It is odd that this little matter of extracting the saving out of the enlarged income stream should so often have been overlooked by those who stress the importance of improved terms of trade for the financing of capital development." *Op. cit.*, p. 99.

[6] Professor J. W. Angell has suggested to me the possibility that the pure gains from improving terms of trade may be offset by adverse factoral returns as resources are shifted. But this is unlikely to occur in the type of situation considered here, since a short-term boom permits little shift of real resources; and in underdeveloped countries such shifts toward primary production, and away from, say, infant industries, would sometimes improve rather than worsen the factoral returns in the short run.

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1. *Magnitude of the Export Gains: Two Numerical Models*

Contrary to some widespread belief, ordinary changes in export prices alone, or in the relative prices of exports and imports (that is, the terms of trade), do not by themselves make a vast quantitative difference in the total national income of underdeveloped countries. A large impact will not be found unless the economy is heavily dependent upon foreign trade and the price fluctuation is extreme. For the usual case, short-run changes in the relative prices of primary producers may be assumed as high as 10 per cent a year.[7] This rate may be applied to a primary-producing country where exports amount to roughly the average rate of 15–20 per cent of the national product (in line with the available data for a number of primary-producing countries, setting aside the extreme export economies). The corresponding direct change in income comes to only about 1.5 or 2 per cent of the gross income. Even if this change persists for the several successive years of a business cycle, it is not a massive alteration. More important is this change in relation to current rates of net domestic investment, which may be assumed to be typically in the neighborhood of 5 per cent of the national income.[8]

When consideration shifts from such a typical case to a more extreme example (such as Malaya, Ceylon, Cuba, Venezuela, or other "export economies"), the magnitudes become more substantial. If a 25 per cent improvement in the terms of trade (to take a figure well below the gains achieved by several primary-producing countries during the Korean boom)[9] strikes an economy where total exports ordinarily represent 40 per cent or more of the total national income, the increment to total income will be at or above 10 per cent. This increment will at least equal the current rate of investment in some of these countries. Finally, if it is assumed that the trade impact is entirely restricted to the

[7] This figure is in line with data for the 1920's and 1930's; see the United Nations report, *Relative Prices of Exports and Imports of Underdeveloped Countries* (New York, 1949), Table 5, p. 22, and Table 6, p. 25.

[8] Based on data in United Nations, *Measures for the Economic Development of Under-developed Countries* (New York, 1951), p. 35, and Table 2, p. 76.

[9] See *infra*, Section IV.

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export sector, and that this sector accounts for, say, one half of the total national product, the concentrated trade gain comes to as much as 20 per cent of the income in that sector.

2. *Structure of the Economy*

The actual effects of the gains in export incomes, with regard to production, consumption and capital formation, will depend on who obtains these gains and how they are inclined to dispose of them, in each of the countries concerned. A distinction must be drawn immediately between the "advanced" primary-producing countries (such as Denmark, Canada, Australia and New Zealand) and the "underdeveloped" ones, to state the extremes; between these contrasting groups is the important class of "countries in process of development" such as Argentina and Mexico. In the first group, entrepreneurs and governments show a response to price changes not very different from the behavior of other advanced countries. The slowest, most short-sighted, and least constructive responses are to be found in the underdeveloped primary-producing countries, which are our chief concern here.

In these countries, the gain from price increases—in so far as it is not immediately appropriated by government—accrues initially to certain groups whose expenditure habits do not favor real capital formation. The group of exporters consists in large part of "foreign" firms, some being simply local enterprises partly or wholly owned by foreigners, while others are subsidiaries of foreign companies, and still others are owned and operated by locally based aliens (notably the "overseas Chinese" as in Indonesia and Malaya). In consequence a very considerable portion of the export proceeds tends to disappear in payments for foreign services, overseas remittances of interest, dividends and profits, foreign currencies held abroad, and the flight of "hot money".

Likewise, in situations which involve a few large traders dealing with a multitude of small producers, or large plantation or mining companies dealing with unorganized workers, only a portion of the price rises in the international market may be transmitted to the native producer or worker. To be sure,

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when the quantum of exports rises along with the price, a larger share of the benefits will probably accrue to the native producers; and where the traders are confronted by large sellers (whether estate producers or coöperatives of small producers)—a situation which, in another context, Professor Galbraith has named "countervailing power"[10]—again a larger share of the gains (and a smaller share of any decline) will be shifted to the producers. But in any event, the whole export sector, especially in the larger countries, is often found to be isolated—geographically, economically and culturally—from the hinterland.

Given these flows of trading incomes, the secondary effects depend on the various marginal propensities for disposing of the additional earnings between consumption and saving, between domestic goods and imports, and between hoarding and productive investment. Where native merchants obtain the gains, the effect is to spare the domestic economy from substantial inflationary pressures, at the cost of heavy demands on the available foreign exchange for "luxury" imports. If the native exporters forego consuming the whole increment in earnings, their savings are likely to flow largely into inventory speculation, real estate transactions, provision of luxury housing and services, and capital flight. Here the profitable application of funds from the individual's standpoint fails rather widely to coincide with the social interest in developmental investment.

To the extent that native producers and other groups in the local economy take from the exporters a larger share of the gains, the nation's marginal propensity to consume will tend to be higher than in the foregoing case, and marginal imports will probably be somewhat lower as well as substantially lagged. There is an opportunity here for a substantial income multiplier, as increased demand calls for larger supplies: production is likely to expand somewhat in the export sector and in other sectors of the economy. Nevertheless, the expansibility of supply in the short run is ordinarily low, except perhaps for certain personal services; inflation remains a serious threat. Some of the funds available for investment will flow into facilities

[10] J. K. Galbraith, *American Capitalism: The Concept of Countervailing Power* (New York, 1952).

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for producing the exports enjoying the boom; but unfortunately this investment often comes to fruition when the boom is already subsiding.

A parallel analysis of a decline in export prices suggests that the private traders will try to shift most of the impact to the local producers, in an effort to maintain their own profit margins. This sequence means that the decline in real income will be accompanied by domestic deflation as well as foreign-exchange difficulties. Productive investment is likely to fall below even its previous low level.

These broad responses of an underdeveloped economy to fluctuations in export prices are frequently aggravated by special financial sequences. During a boom period the banking system often shows a tendency toward overexpansion of commercial credit, based on a short-period increment of foreign exchange and hence of bank reserves. When the induced imports begin to rise later on, the banks lose reserves, tend to contract credit, and so put a brake to both speculation and development in mid-course.[11]

A government seeking to control these and related financial gyrations will find it much easier to limit the domestic money flow at its source than to pursue it along its manifold subsequent channels.

3. *International Price Trends*

The foregoing income flows, arising from a favorable movement of international prices, work themselves out under increasingly adverse international trends. First, the export boom gradually tapers off as stocks are built up by the industrial buyers, and then commodity prices may collapse as newly-induced production is thrown upon the market. Secondly,

[11] *Cf.* J. J. Polak, "Balance of Payments Problems of Countries Reconstructing with the Help of Foreign Loans", *Quarterly Journal of Economics*, February 1943, pp. 214–16; his argument bears even more acutely on the situation of underdeveloped countries discussed here than on the industrial "reconstructing" countries which Polak had chiefly in mind in his article. An overexpansion of the kind outlined here appeared to have occurred in several Asian countries during 1950–51; see Economic Commission for Asia and the Far East (ECAFE), *Economic Survey, 1951*, chap. x, especially p. 189.

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the prices of industrial goods, which the primary producers wish to buy with their augmented incomes, begin to rise as a result of sluggish supply, higher costs for the imported raw materials, and the general inflationary effect of the industrial expansion which had initiated the raw-material boom in the first place. Thus the terms of trade (as well as the quantum of exports) take an adverse turn just at the time when the primary-producing country is beginning to suffer from inflationary pressures, import demands, and other secondary effects of the initial gains.

Furthermore, when a world-wide recession sets in, the prices of primary products chronically fall further than the prices of industrial goods. Finally, there is no assurance that the downswing for primary-producing countries will do no more than offset the gains of the upswing: it is possible for primary producers to suffer a secular decline in terms of trade by reason of a succession of downward tilted cycles.[12]

4. *Fiscal Structure and Policy*

The ability of a government to cope with the problems of stabilization as well as to promote economic development depends largely on the fiscal and monetary treatment of export-price fluctuations. Where governments have already instituted export taxes, differential exchange rates, or other devices bearing directly on commodity exports, a rise of export prices can be expected to bring automatically an increment in government revenue. This effect will be enhanced if in addition the authorities act promptly to raise the rates in question, or have forehandedly established a sliding scale of rates.

Where governments rely largely or wholly on general taxation, the revenue effects of an export-price boom are more uncertain, depending on the diffusion of income increases through the economy and on the scope and effectiveness of the whole taxation network. In an underdeveloped country, where increases in income are often concentrated and easily concealed, the progressive income tax is limited in its effects, and those effects are belated. Stepped-up excise taxes are more enforceable but are

[12] According to the United Nations, *Relative Prices*, p. 7 and p. 23, a secular decline actually prevailed from the 1870's to the eve of World War II. These findings have been sharply criticized by Viner, *op. cit.*, pp. 113–14, and others.

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undesirably regressive, and sometimes are perverse in extending the inflation they were designed to prevent. Other widely used levies, like the land tax, are clumsy and inappropriate for counter-cyclical purposes.

In turn, the government's ability to utilize its incremental revenues for developmental projects is limited by the cyclical origin of those revenues. During the boom the authorities face rising costs, the uncertainty of future income from exports, demands for additional facilities and services (especially of the "social overhead capital" type) needed by expanding economic sectors, and appeals for counter-inflationary action such as subsidies to consumers. During the transition to a seller's market, the producers in turn clamor for subsidies as well as for reduction of export duties. Finally, depression brings demands for relief measures, prohibitory import duties, and other steps to cope with unemployment and reduced real income. Thus the outlook for developmental undertakings by government is not altogether benign even though monetary revenue may rise during the boom. These complications intensify the need for measures like an export tax which will limit the flow of private income as well as enlarge the government's financial capabilities.

IV. The Korean Experience

The economic events which attended the war in Korea provide the outstanding recent case of fluctuations in the export earnings of primary producers, fluctuations for which export taxation would be considered appropriate. These events indicate the natural course of economic flows within primary-producing countries, as outlined in the preceding section; the wisdom and vigor of the public authorities; and the efficacy of export taxes in comparison with other measures to cope with the situation.

The Korean commodity boom and subsequent recession need only a summary statement here.[13] The demand for interna-

[13] The data have been assembled and analyzed by a number of United Nations agencies, and the global pattern is amply set forth in the *World Economic Report, 1950–1951*, chaps. 4 and 6; *1951–52*, chaps. 3 and 5; and *1952–53*, chaps. 1, 3, 4 and 6. A more analytic account will be found in United Nations, *Repercussions of Changes in Terms of Trade on the Economies of Countries in Process of Development* (E/2456, June 1953). For details of individual countries, see the United Nations' annual regional economic surveys for Asia and for Latin America.

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tionally traded primary goods, which had begun to rise at the end of 1949, was tilted sharply upward after the outbreak of the Korean War, as a result of feverish purchasing, partly by governments for rearmament and stock-piling and partly by private business for anticipatory and speculative account. Beginning in the second half of 1950, the prices of many of these goods began to soar, reaching their peak in most cases during the first quarter of 1951, and then declining more slowly than they had risen. Average prices during the first half of 1951 were 25 per cent above the 1948 level.[14] The physical volume of exports rose as well, but to a far lesser degree: for the group of "all primary-producing countries", the quantum of exports reached a peak for the year 1951 only 10 per cent above the 1948 base.[15] The joint result of price and quantum movements was an increment in foreign-exchange earnings by these countries (excluding Canada) of $5.5 billion (United States money) during just the first half of 1951 above the level prevailing in the first half of 1950, an increase of over 50 per cent; thereafter the level dropped sharply during the second half of 1951, and then declined gradually, although throughout 1952 it remained well above the pre-Korean plane.[16]

A major portion of these gains was lost through the rise of import prices, which advanced more slowly than export prices, but continued to rise during the second half of 1951 and the first half of 1952 after the export prices turned downward. As a result, the terms of trade (as measured by average unit prices of exports related to those of imports) of the group of "all primary-producing countries" reached a peak of 128 (1948 = 100) during the first half of 1951 and then declined to 110 by the first half of 1952; while their "capacity to import" (reflecting

[14] Calculated from the unit values of the exports of all primary-producing countries as a group; see United Nations, *Repercussions*, Table 1, p. 30. For particular countries specializing in the most volatile commodities, especially rubber, tin and wool, the export unit values showed more extreme climb and drop; thus Southern Rhodesia, Ceylon, Egypt, Brazil, Australia and Malaya, in that order, obtained price gains ranging from 61 per cent to 158 per cent in 1951 over 1948; *ibid.*, Table 2, pp. 31–32.

[15] *Ibid.*, Table 4, p. 37.

[16] Data from *World Economic Report, 1950–51*, Table 56, p. 95; and *1951–52*, Table 62, p. 106.

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both terms of trade and quantum of exports) reached a peak of 146 and declined to 119 during the same periods.[17]

Internal movements responding to these qualified gains were complex, and varied from country to country, but on the whole were marked by a considerable degree of monetary and structural dislocation in many countries, as well as by a remarkable and little-appreciated advance in production and real capital formation in the favorably situated countries.

Inflationary pressures appeared in virtually all the countries under consideration, but became severe only in certain lands such as Indonesia and Malaya. In most countries the effect of swelling incomes upon prices would have been much more serious had the incomes not been restrained by fiscal, monetary and commercial measures taken by governments, including export taxes, credit limitation, state marketing boards, and so on. These measures were supported in many cases by greatly increased importation of consumer goods, a very costly step as regards hopes of promoting economic development. Counter-inflationary action by the private sector included, in various degrees, retention of export earnings abroad or at home, repayment of short-term debt, and expansion of domestic production and productivity in consumer goods. Finally, the boom itself proved to be short, giving way to deflationary forces before the inflationary pressures had worked very far through the economy. In fact, a number of countries exhibited, after 1951, the paradox of inflation amid recession.

The gains of the boom appear to have gone chiefly to merchants, to owners of plantations and mines, to workers in some of these facilities (via wage rises, cost-of-living allowances, and bonuses), and to certain groups of self-employed peasants (such as the "small-holders" in Indonesian rubber). On the international accounts, the lag of imports behind exports yielded substantial surpluses on current account during 1950 and 1951; but these turned into deficits during the following year, as imports were permitted—and even encouraged—to grow while export earnings were contracting. Eventually many governments were compelled to reimpose the trade curbs which had been lightened

[17] United Nations, *Repercussions*, Table 1, p. 30, and Table 3, p. 36.

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or removed during the boom. Meanwhile the large reserve holdings of gold and foreign exchange, so hopefully accumulated by Treasuries and central banks, were devoured by the rise of import prices. The real purchasing power of these aggregate reserves barely grew at all from June 1950 to June 1951, and soon thereafter it began to decline.

Government budgets followed somewhat the same pattern as international trade. Surpluses, or reductions in deficits, were achieved in most primary-producing countries during 1951, as old and new taxes yielded additional revenues, while expenditures lagged. But subsequently severe deficits—in some places worse than before the boom—showed up in 1952 and/or 1953; for example, in Burma, Ceylon, Malaya, Pakistan. For the tax yield declined while expenditures—governed by slow-moving capital projects, by rising costs of materials and labor, and by counter-inflationary outlays such as food subsidies (for example, in Ceylon)—were still climbing.[18]

Aggregate production expanded in most of the countries which received a substantial export stimulus. As for capital formation, the available, and not entirely reliable, evidence indicates a substantial percentage rise in many of the primary-producing countries.[19] Both public and private action participated in capital formation in the various countries, but in differing degrees. Thus in countries like Brazil and Mexico, which are already well along "in process of development" and have a vigorous business class, gains from trade stimulated further the already substantial rate of investment, and the incremental capital formation was largely on private account. At the other extreme, in countries like Burma and Indonesia, the striking rise of capital formation was predominantly a public undertaking and could hardly have been otherwise under the prevailing

[18] The monetary and structural dislocations described in the three foregoing paragraphs have been summarized from U. N., *World Economic Report, 1950–51;* ECAFE, *Economic Survey, 1951* and *1953;* and U. N., *Repercussions,* all previously cited. Indonesia presents an extreme example of the dislocations and stresses which followed the Korean boom and persisted years later; *cf.* Bank of Indonesia, *Annual Review,* September 1954.

[19] U. N., *Repercussions,* Table 8, p. 66; also U. N., *Monthly Bulletin of Statistics,* September 1953, Special Table A, "Capital Formation", pp. xvi–xviii; also ECAFE, *Economic Survey, 1953,* pp. 20–22.

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conditions. Between these extremes fall cases like Ceylon, Malaya and Pakistan where a mixed system attempted with mixed success to seize the developmental opportunity.

On the whole, the primary-producing countries which were already advancing strongly made the best use of their Korean War opportunities for further advancement: to them that have shall be given. The more backward countries, particularly those where private initiative is weak, secured less gain although that gain was far from zero. In virtually all cases, public action of some kind—direct or indirect—contributed to the economic achievement.

The establishment or extension of export taxes probably was the most nearly universal action taken by governments in the export boom. However, the boom came and went so rapidly, and the governments in question were so slow to act, that these taxes diverted only a small stream of the flood from its natural course.[20] In Malaya, those duties seized only 8 per cent of the huge increment which appeared in rubber and tin export earnings for 1950 and 1951, as compared with the 1949 level of these earnings. In Indonesia, with a broader range of exports and taxes, the export duties seized only 14 per cent of the increment in total export earnings over the same period.[21]

The case of Ceylon illustrates in detail the limited application of export taxation during the recent commodity cycle. Since World War II, Ceylon has had one of the most extensive systems of export taxes, applying to rubber, tea, cocoa, pepper, cardamon, citronella oil, copra, coconut oil and coconut poonac. Before

[20] As most of the existing export duties were specific rather than ad valorem, and many commodities were not taxed at all, little drain was placed at first on the surge of price gains. Hardly any tax action was taken until the last quarter of 1950, when Ceylon, Indonesia, Pakistan and India revised their export duties. The modest levies on rubber were not stepped up in Malaya until January 1951 and in Ceylon until March 1951, when rubber prices were already on the decline. Toward the end of 1951, as markets weakened further, export tax rates were cut back in most countries, although they have generally remained somewhat above pre-1950 levels.

[21] Percentages were calculated from data in ECAFE, *Economic Survey, 1953*' pp. 97 and 77. In Indonesia, the system of exchange certificates, virtually a system of multiple exchange rates, supplemented—and in magnitude of revenue overshadowed—the direct export taxes. In Malaya, company income taxes were stepped up, but not enough to constitute a stringent excess profits tax.

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the revisions in the last quarter of 1951, these taxes were simply specific; and before the last quarter of 1950, the rates were relatively low. In September 1950, raw rubber, which had hitherto been untaxed, was subjected to an export duty of 15 rupees per 100 pounds and this rate was raised to 50.75 rupees in March 1951. The latter tax level amounted to a levy of almost 20 per cent on the average price of raw rubber during 1951. However, with regard to windfall gains—as the price level of raw rubber in Ceylon more than quadrupled from the average level of 1949 to the average of 1951—the Ceylonese government siphoned off only one fourth of the advance in market price. The authorities did much better with copra, where the price rise was much less spectacular than in rubber. The export tax on copra, at the raised levels prevailing during the second and third quarters of 1951, amounted to a levy of about 30 per cent on the average 1951 price; and it seized in effect a little more than half the rise in price[22]

During the last quarter of 1951, when commodity prices were declining, the Ceylonese government replaced the above specific rates with a sliding scale for rubber, tea and coconut. The new system was designed to provide greater flexibility downward as well as upward, its initial purpose being stated as "mainly to minimize incidence of the duty . . . in the falling market."[23]

[22] Ceylonese taxation record extracted from Department of Commerce, Ceylon, *Ceylon Trade Journal*, vol. XVI, 1951, pp. 148–49, 725–26; and from ECAFE, *Economic Survey, 1950*, p. 432. Ceylonese prices used in the paragraph above are f.o.b., including export duties; data on rubber prices from U. N., *Monthly Bulletin of Statistics*, December 1952, p. 119, and data on copra prices from International Monetary Fund, *International Financial Statistics*, February 1954, pp. 66–67.

[23] *Ceylon Trade Journal*, vol. XVII, 1952, p. 133. For rubber (RMA No. 1 sheet) the rates are given as follows:

Price per Pound (rupees)	*Export Duty* (Ceylon cents)
Below 1.60	15
1.60–2.10	15 + 40% of excess over Rs. 1.60
2.10–2.60	35 + 50% of excess over Rs. 2.10
2.60–3.10	60 + 60% of excess over Rs. 2.60
Over 3.10	90 + 70% of excess over Rs. 3.10

Government of Ceylon Information Department, *Ceylon News Letter*, September 7, 1951.

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Even under the steep new schedule for rubber, the tax took only about 20 per cent of the then-current price of 2.30 rupees per pound (f.o.b. price, duty included); and rubber prices subsequently dropped to much lower levels.

Similar calculations for other countries[24] show that export taxation was seldom equal to the effective rates in Ceylon, let alone more severe. Thus in Pakistan the increased duty on jute seized less than one fifth of the price rise during the boom. In Malaya, after the introduction of the sliding-scale system for rubber, only one ninth of the price rise (from the 1949 level to the 1951 peak) was taken by export taxes. In the Latin American area, the Dominican Republic established a quite stringent sliding scale for molasses, with a topmost marginal rate of 50 per cent. By contrast, El Salvador's specific tax on coffee exports was unchanged from 1947 through the boom years, with the result that the 10 per cent rate effective in 1948 declined to little more than 5 per cent by 1951.

Among the other devices used to supplement or obviate export taxes during this period, one of the strongest was the state marketing board. This is a partly autonomous agency operating a government monopoly in one or more export products; outstanding examples are the Rice Bureau operating in Thailand, the State Agricultural Marketing Board in Burma, the cocoa boards in Nigeria and the Gold Coast, and the multi-product Argentine Trade Promotion Institute (IAPI).[25] During the Korean boom, these boards appropriated a great part of the export gains by holding prices paid to growers well below the rising levels of international market prices. In Thailand and Burma, for example, the boards succeeded in virtually insulating the domestic economy from the impact—whether stimulating or dislocating—of the international boom.

[24] Based on taxation data in ECAFE, *Survey, 1950* and *1953*, and in Shere, *Sugar Taxation*, and in unpublished studies by U. N. Fiscal Division; and price data from U. N., *Monthly Bulletin of Statistics*.

[25] See W. Z. Hirsch, "State Marketing Boards in Under-Developed Countries", Document No. 7, Conference on Agricultural Taxation and Economic Development, Law School of Harvard University, January 1954 (mimeo.); also United Nations, Fiscal Division, paper in the published volume of *Papers and Proceedings* of this Conference (cited in Table I above), p. 297.

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Less clear-cut are the results of devices such as the foreign-exchange tax imposed in the Philippines, the exchange-certificate system which prevailed in Indonesia during the boom period, and the more standard systems of differential exchange rates which are particularly widespread in Latin America. Except for Indonesia, the agricultural countries most sharply affected by the export surge did not adopt these devices, which are more popular in metal-exporting countries like Bolivia.

Conspicuous underemployment has been the lot of the income tax. During the Korean boom, to be sure, many countries raised their rates and tightened up their collections. But these modest changes were quite insufficient to remedy the backward state of income taxation in most primary-producing countries, or to cope with the sudden spurt of boom-time earnings. In 1951, taxation of incomes still yielded only about 10 to 15 per cent of total government revenue in most Asian primary-producing countries.[26] Even excise and sales taxes, which are so much easier to impose and collect, were not greatly expanded during this period.

In summary, it is evident that few governments of primary-producing countries stood idly by while the Korean boom swept over their peoples. Public and private actions joined in avoiding an extreme degree of dislocation in most countries, and in promoting a considerable advance in economic development. But in most cases still larger potentialities were allowed to slip through the hands of those most in need of resources for development.

V. Policy Implications

The post-Korean experience suggests that an export tax runs into several difficulties even when it is applied under the most appropriate circumstances, namely, during an export-price boom. Four kinds of difficulties deserve consideration: (1) adverse repercussions on extrepreneurs; (2) inadequacy to forestall inflationary pressures; (3) dissipation of the tax proceeds during reversals of the economic conditions; (4) the danger of

[26] ECAFE, *Economic Survey, 1953*, Special Table F, pp. 134–35. Malaya and Ceylon are exceptions, with income taxes gradually rising during recent years to yield about 30 per cent of total revenue in 1952.

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competitive tax-cutting during the return of a buyer's market. By contrast, when markets are stable, the last three of these difficulties are irrelevant; but the first-mentioned becomes severe, since there is no cushion against the impact of the tax. This consideration discourages the use of export taxation as a permanent fiscal measure, but does not rule out its countercylical application.

1. The first (as well as the second) of these difficulties is a matter partly of the rate of the tax and partly of its incidence. The export tax is a flexible and powerful instrument, and in principle can be set high enough to seize any desired portion of the gains from price increases. By means of sliding scales the tax can be designed to seize virtually all of the windfall profits accruing to exporters. The exporter ordinarily has little opportunity to pass the tax along to his customers, who will not buy above the world price. To be sure, in the special circumstances of an export boom, the tax may sometimes be shifted forward by raising the world price of the export commodity;[27] this operation may improve the nation's terms of trade, but the exporter will retain little of the gain if the export tax rates have been set high in relation to the commodity price. Nor can the exporter shift most of the tax back to the producers and associated factors of production, since these insist upon higher incomes as the demand for their produce rises.[28] Thus the export tax becomes an excess profits tax; or, more accurately, the tax is

[27] These circumstances include a massive surge of world demand, to a volume exceeding current world supply; a large share of the given exporter in the world supply; inelastic supply and lack of substitutes. It is also possible in principle for a world-wide cartel to attempt in ordinary times to shift the market price to higher levels, by establishing identical export taxes as well as by more familiar devices such as agreed offer prices and the rubber-restriction schemes. In practice, however, such unilateral devices have seldom worked very well or very long.

[28] In Malaya, estate wages are now geared to rubber prices, and therefore up to a point must rise with the price regardless of the tax burden; see *New York Times*, August 6, 1955, "Malaya Enjoying Big Rubber Boom".

In "normal" (non-boom) times, export taxes are probably shifted in large part from exporters to plantation owners, but not to labor (since prevailing wages are largely conventional, are often close to the subsistence level, and are little above minimal inducements to work on plantations); *cf.* J. H. Adler, E. R. Schlesinger and E. C. Olsen, *Public Finance and Economic Development in Guatemala* (Stanford, 1952), pp. 100–2.

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simply designed to seize the windfall profits accruing to all firms. Conversely, in times of declining demand the tax is likely to be reduced, permitting the marginal firms to survive at the new lower level of prices. To be sure, the export tax does not serve to reward efficiency and eliminate the high-cost firms, but it should not be expected to do this job. What other taxes do not accomplish very well can hardly be demanded of this very special fiscal device. Conversely, the export tax should not be used as a substitute for other fiscal measures, such as the income tax, which have different incidence.

These evident limitations of export taxation in primary-producing countries are overshadowed by the producers' and exporters' fear of a future severe downturn in prices and their desire to accumulate resources against that evil day. For a severe export tax siphons off the profits of prosperity without providing compensation in time of recession—except for the very passive compensation of a reduction in the rates at that time. Facing this set of discouragements, the exporter may be expected to oppose the tax by both political pressure and economic resistance, the latter including hoarding of stocks and even direct measures to suspend production. Furthermore, the general social impact, discouraging potential entrepreneurs in other fields as well as in the taxed field, is precisely the wrong influence for an underdeveloped country, where business enterprise is usually one of the scarcest factors of production. The conclusion seems to follow that a feasible tax must leave in the hands of the business men a sufficient share of the price gains to ensure their allegiance to the system.[29]

The tax rates actually employed during the Korean boom probably were far below the critical levels considered above. Trading profits were very substantial. A feasible export tax structure to cope with the next price surge could and should

[29] The above point may perhaps take care of the objection by Professor Nurkse, who concedes that export taxation may be "very effective" but fears the disincentive effects upon the producers (*Problems of Capital Formation*, p. 99). Professor Nurkse's other objection, that export taxation is "rather unfair" in that it tends to "penalize particularly the producers of export commodities", seems to overlook the point that export taxation is preventive, is the first recourse, and is not exclusive of "general taxation".

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be set at a level higher than most administrations dreamed of suggesting during the 1950–51 heyday.

2. The importance of setting the tax rate high enough is, in large part, a matter of forestalling inflationary pressures and their subsequent effect of rising demands for imports. But experience suggests that it is not feasible, and probably not desirable, to set export taxes so high as wholly to sterilize a trade boom. Nor can the job be readily assigned to progressive income taxes as in more advanced countries. Such a situation calls for every weapon in the anti-inflationary arsenal: monetary policy, fiscal policy, increased productivity, and efforts to mobilize public opinion. Yet the first, the simplest, and the most powerful step is the application of an export tax.

For full counter-inflationary effectiveness, the tax should be imposed *pari passu* with the income rise. For some other kinds of taxes, this aim presents considerable administrative problems, owing to the lag of collections behind income movements. The export tax, however, is imposed at the point of sale and may be greatly strengthened by the device of a sliding scale of rates. Indeed, such a tax will exert a certain deflationary pressure if the levy must be paid immediately, before the goods are cleared for shipment, while the exporter's actual receipts will be delayed (unless the acceptance market is well developed). It is also noteworthy[30] that the export tax is superior to income and profits taxes for application directly or indirectly to small producers who consume a portion of their own product (for example, rice); for the total income and profits of such producers are not easily calculated for tax purposes.

3. Proper timing is important not only in the imposition of the tax but also in the utilization of the proceeds. Since the export tax is in large part a counter-inflationary device, the proceeds should not be released immediately; and, since it provides an opportunity for capital accumulation, the proceeds should not be used for current expenses. On the other hand, it is dangerous to defer utilization because of two almost certain trends, noted in previous pages. One of these is the subsequent

[30] As Mrs. Hicks points out, in "The Search for Revenue in Underdeveloped Countries", *loc. cit.*, p. 30.

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rise of import and domestic prices, which not only shifts the current terms of trade back against the primary-producing countries, but also whittles down the purchasing power of accumulated funds. The other trend is the subsequent recession, which leads to cutting the export tax at the very time when other taxes can hardly be raised, while simultaneously there are new demands upon the public exchequer. The prospect therefore is that a large part of the proceeds of the export tax will be either swallowed by inflation or dissipated in current expenditures, and thus in both cases lost as a source of economic development.

Neither of these dangers is irremediable. To preserve the purchasing power of their funds, the public authorities may have recourse to the monetary device of acquiring gold and foreign assets, whether directly from the exporters by so specifying the payment of the export tax, or indirectly by central bank regulation of commercial banking, or finally by purchase of domestic or foreign securities.[31] A more substantive procedure is the immediate placement of firm contracts for imported goods, especially capital equipment, at settled prices; owing to the usual lag of deliveries, chances are that domestic outlays for installation need not be made during the inflationary period. To cope with the other danger, subsequent recession, perhaps the best device is the maintenance of certain public works-in-progress, with others in a stand-by condition. This enables the government to put its funds to work as soon as the peak of the inflation has passed, and perhaps to stave off the recession with more constructive activity than merely propping up the distressed sectors of the economy. These measures would imitate the best performances of the post-Korean period, when the boom was most easily converted into long-term gains by those countries which already were in full course of economic development, and in particular by those countries where the government was already engaged in a substantial program of developmental projects.

[31] Monetary authorities in Malaya (and Ceylon until 1950) have followed a policy of buying foreign securities simultaneously with increases in domestic currency in circulation. See U. N., *Repercussions*, p. 48.

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4. The fourth difficulty in export taxes arises in the area of competitive price-cutting as foreign demand recedes, as export firms reduce their prices, and as governments are expected not only to curtail or eliminate the export taxes (as most governments did in the post-Korean recession) but even to provide subsidies. The particular danger here is that general trade policy becomes involved, and may turn into the worst kind of "cut-throat" practices. The best prevention lies in the earlier application of the export tax and other counter-inflationary devices. In countries where domestic prices and costs have not been held down, the exporter faces a decline of selling prices at precisely the time when wages and other costs are still rising, owing to well-known lags. But wherever costs have been kept nearly stable, the exporter should find that the profits he retained after taxes during the boom should more or less compensate for the stickiness of wages and other costs during the recession; and at the same time the tax authorities should be able to use a gradual and rational reduction of the export tax rates as a cushion against the impact of a decline in commodity prices.

The evident virtues and limitations of export taxation contrast with those of the alternative devices already mentioned, some of which were employed during the Korean boom while others were neglected. Among these, appreciation of the currency in times of rising export prices, followed by currency depreciation when the price trend reverses itself, appears to be an unsuitable device for coping with short-term fluctuations in terms of trade. Appreciation is perhaps appropriate only to a structural change in international economic relations.

Differential exchange rates are one of the promising devices for seizing the gains of exports as well as for controlling the volume of imports. Establishing special high exchange rates ("selective appreciation"), for export commodities whose price has risen, is sometimes thought to be less painful than the imposition of direct export taxes. Unfortunately, a rate structure kept constant for a relatively long period will miss much of the price gains in a rapidly rising market, and will impose hardships in a fluctuating market; while frequent rate changes (or even a preannounced sliding scale of exchange rates) are

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very disturbing to business men, reveal the government's aim to seize the price gain, and are administratively inferior to a progressive export tax.[32]

The device of a public monopoly in export commodities has proved in several instances to be more powerful than export taxation in seizing the price gains. However, its scope is severely limited in basically private-enterprise economies. In addition, some of the local marketing boards seem peculiarly prone to a kind of sin of miserliness: unwilling or unable to disburse their incomes as fast as received, they have accumulated large reserves only to see the purchasing power of their hoards dwindle away as import prices, and eventually domestic prices, rise in accordance with the boom in the world outside.[33]

From the longer-run viewpoint, many other possibilities open up for dealing with the trade difficulties of primary-producing countries. Ranging from international stabilization of commodity prices to reform of the domestic marketing system and diversification of production, these schemes lie beyond the scope of the present paper.[34]

VI. SUMMARY

The significance of the foregoing analyses is derived from the two principal objectives with which we have been concerned. As regards the first, action to stabilize income amid fluctuations in foreign trade, the export tax presents itself as an important and effective device to insulate the domestic economy from some of the inflationary effects of an export boom; and in times of export recession the tax provides something of a cushion

[32] E. R. Schlesinger in his valuable *Multiple Exchange Rates and Economic Development*, Princeton Studies in International Finance, No. 2 (Princeton. 1952), comes to very severe strictures on the use of a general system of multiple exchange rates in a primary-producing country (see especially p. 74). However, Schlesinger is concerned chiefly with the rate structure as a device for controlling *imports*. He concedes that multiple rates may be useful for supporting exports or controlling export earnings; also his suggestions (pp. 41–42) as to peculiarly undesirable side effects of multiple rates in a developing country appear somewhat forced.

[33] *Cf.* ECAFE, *Economic Survey, 1953*, pp. 14–18; for the particular case of Burma, *ibid.*, pp. 31–34.

[34] See U. N., *Measures for International Economic Stability* (New York, 1951). and U. N., *Commodity Trade and Economic Development* (New York, 1953).

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against the full impact. Nevertheless, the export tax is not sufficient by itself to prevent the inflationary-deflationary sequences, and must be supplemented by other monetary and fiscal measures. As compared with export monopolies, the export tax preserves the system of private enterprise; as compared with differential exchange rates, the export tax is simpler to administer and less uncertain in its operation; as compared with an income or profits tax, the export tax operates more quickly and more directly, although it fails to tap derived gains which may spread through the economy.

As regards the other principal objective, promoting economic development, the export tax serves to seize at least part of the gains of export improvement, which constitutes perhaps the major present-day source of developmental resources for many underdeveloped countries. The tax makes these resources available for socially desirable investment which otherwise might never come to pass. Whether these proceeds will actually be used for developmental purposes, or will be consumed in subsequent current expenditures or in price rises for imported goods, depends partly on the domestic administration of the funds and partly on international economic events beyond the control of any single primary-producing country.

Finally, it has been suggested that the export tax has very different significance according as it is applied as a permanent feature of the fiscal system or as a special and variable device. A permanent export tax probably tends to limit production, year-in and year-out, by reason of its impact upon profits, especially the profits of marginal producers. In a boom period, however, little of this effect will be found, for the tax becomes essentially an excess profits tax, and should be reduced or removed when the boom situation comes to an end. During the boom period, the tax might easily be set at far higher rates than have usually been adopted in the past. For the collection of ordinary revenue, the export tax should probably be replaced, even in the countries where it has long been in operation, by graduated income and profits taxes, just as soon as the commercial, financial and administrative structures are sufficiently developed.

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Indeed, a wise application of export taxes in boom times, along lines which foster general development, will hasten the time when it becomes possible to eliminate that kind of taxation. This sequence illustrates the complex interrelations between economic resources and institutional change during the process of development: while cumulative material growth requires social and economic transformation, this transformation often cannot be accomplished voluntarily and peacefully until there has been some considerable improvement in the quantity and real availability of resources. Here is one of the strategic factors which can help initiate and sustain the limited disequilibrium of growth.

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FISCAL AND POLITICAL PROBLEMS OF INCREASING URBANIZATION*

FEW of the many problems associated with increasing urbanization are particularly new, but the problems have become so acute in the past few years that they have taken precedence over others formerly considered more important. This is the reason for the recent surge of interest in the metropolitan area, thought of as an urban complex extending over the boundaries of a central city or cities.

The discussion here concerns common problems of urban complexes, rather than problems largely peculiar to central cities or suburbs. In fact, the distinction between the two is often largely a matter of political boundary lines; otherwise, it is frequently difficult to discern where suburbs begin and end, or what problems they have which nonsuburbs do not have. In the great urban centers, we can no longer neatly delineate

> The strip of herbiage strown
> That just divides the desert from the town.

Some of the problems of urbanization were being dealt with a half-century ago; New York City's great consolidation of 1898 was probably the most drastic solution attempted. Nevertheless, many of the old problems remain and there are new ones arising out of peculiar recent conditions. There are problems created by the population upsurge of the last decade and a half, and the ever-accelerating pace of technology. There are problems created by the depression and the war, and by the failure to take proper decisions at crucial points in the past. And there are problems reflecting the disparate development of institutions—in particular the lag of political and government institutions behind changes in population and technology.

* This article is based on a paper read at a session of the American Sociological Society, Washington, August 31, 1955. The writer is senior management consultant in charge of fiscal and economic research, Division of Administration, City of New York. The views expressed are his own and do not necessarily reflect the position of the Division of Administration.

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One of the striking features of urban concentrations is their lack of uniformity with respect to such characteristics as the distribution of population in old central cities and newer suburban rings, the distribution of wholesale and retail trade, service and manufacturing establishments, the structure of political jurisdictions overlying the metropolitan areas, and the degree of state responsibility for the government of the areas. The New York City-Northeastern New Jersey standard metropolitan area, comprising 13 million persons and several major cities, is obviously quite a different species from the Lubbock (Texas) area, with slightly over 100,000 persons. Because of this lack of uniformity, there will be many exceptions to any generalization concerning urban areas.

The following appear to be the most prevalent and insistent problems:

1. Providing government services and benefits which can be efficiently administered only over the entire metropolitan area.
2. Planning for the efficient and aesthetic development of the area.
3. Financing urban government services generally.
4. Transportation. I put transportation in a class by itself because it is so intimately concerned with the economic rationale of urbanism, that is, minimizing space friction.

Metropolitan Area Services and Benefits

Some services and benefits are most economical when provided on a large scale, some are efficient only when they are integrated, and some can be handled only by having a central authority to resolve intra-area conflicts. All such services suffer from the lack of unified government jurisdiction over the entire metropolitan area. The specific problems vary from area to area. I shall illustrate them by mentioning some of the major deficiencies found in two quite different areas—the New York City complex and the Nashville district in Tennessee.

New York City

The New York City-Northeastern New Jersey standard metropolitan area, as defined by the Census, encompasses 17

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counties, two major cities besides New York, and a population of 13 million. The metropolitan region, somewhat more broadly defined, takes in five more counties, including Fairfield County in Connecticut, and a population of about 15 million. In a recent discussion of the New York City metropolitan region, Luther Gulick, New York City Administrator, listed the following major unmet needs:[1]

1. An adequate and unified program for water supply for the entire metropolitan region. The New Jersey water situation is now desperate and apparently urban industrial development in southern Connecticut and in Nassau County will soon be pinched for water. Indeed, the water problem goes outside the metropolitan region, since the use of the Delaware River watershed is now being disputed by three states—Pennsylvania, New Jersey and New York.

2. A unified and comprehensive transportation policy and structure. So far there is no machinery for coördinating the transportation agencies responsible for getting three million people into and out of Manhattan on an average weekday (representing about 45 per cent of total employment in the region), or for handling the other problems of passenger transportation. Freight transportation is equally uncoördinated.

3. A unified attack on waste disposal and pollution of air and water.

4. A unified policy and management for the Port of New York.

5. A rational and adequate revenue structure which can draw on the economic resources of the entire metropolitan community to meet the pressing governmental needs in the area.

Dr. Gulick noted that these were only the most urgent problems and that to this list could be added problems of regional health, master planning, housing, recreation, higher education and other matters.

[1] Luther Gulick, "The Next Twenty-Five Years in Government in the New York Metropolitan Region", a paper delivered at the Twenty-Fifth Anniversary Meetings of the Regional Plan Association, October 6, 1954.

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Nashville

The metropolitan area of Nashville is a central city of approximately 175,000 people with a suburban ring of more than 100,000. The most urgent problems of Nashville are in the suburban ring, and reflect the inability of the fragmented suburban governments adequately to supply even fundamental services. For instance, the ring city of over 100,000 has no sanitary sewer system, a fact which creates grave health hazards for the whole metropolitan area. Police protection is virtually nonexistent in large parts of the ring. This is protected against fire, if at all, only by eight private subscription fire departments and a special fire district, but fire hydrants are almost nonexistent and most of the suburban pipe lines are inadequate for hydrants. Suburban water supply is partly provided by private companies which are virtually unregulated monopolies, each system representing a piecemeal and isolationist approach to the metropolitan problem. The area has two separate school systems, the city system and the county system serving the districts outside the city. There has been little coördination, much controversy over distribution of city and county school tax money, duplication of curricula, and failure to provide some types of special education because neither system was large enough to justify them. The only park service in the area is provided by the City of Nashville, which must finance park facilities for the hundred thousand non-taxpaying residents. There are still other problems of refuse collection and disposal, street lighting, public transportation, street construction and maintenance, library service, and over-all planning and zoning, and problems of public health, hospitals and welfare administration.[2]

Metropolitan Area Planning

The efficient development of a modern urban community requires planning for facilities, and zoning for industrial and residential uses, on an area-wide basis. The smaller the government jurisdictions in the area, the greater the need for over-all

[2] See Daniel R. Grant, "Urban and Suburban Nashville: A Case Study in Metropolitanism", *The Journal of Politics*, February 1955.

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planning. Probably the most pressing present deficiency in most communities is the lack of an integrated transportation plan. But the lack of central planning and control relating to housing, industrial location and recreation facilities is creating grave problems for the future. In the New York City area, for instance, zoning and other controls are widely misused by local jurisdictions to prevent the development of low- and middle-income residential housing and employment opportunities. The primary techniques for accomplishing these ends are acreage restrictions in building requirements, and refusal to zone for industry. Cruder devices also are used, such as complications and delays in granting building permits. Some communities impose requirements on developers to provide sanitary and utility improvements and streets and sidewalks, all of which effectively block the construction of low-income housing. The practical effect is to check the most economic development of the metropolitan area by preventing the most economically efficient distribution of industry and of residences. The restrictions have other social effects, such as the perpetuation of economic ghettos for low-income groups, which either are slums or are likely to degenerate into them.

Another grave deficiency is the failure of many areas to anticipate the needs for recreation facilities. These are already desperately short in many places, where roads and streets are jammed each week end and holiday with motorists seeking diversion. Recreation facilities are rationed by queuing up in automobiles. Some jurisdictions take more drastic measures—Westchester County has restricted some of its play areas to Westchester residents and threatens to extend the ban. What shall we do for recreational facilities when we have a population that is 10–15 per cent larger, and a four-day, thirty-hour work week?

Financing

The tremendous demographic and economic changes now gripping nearly all the urban centers of the United States have created financial requirements far exceeding the capacity of the revenue-producing machinery available to urban governments. The general weakness of local revenue systems is due to several

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things, including the lack of governmental integration in urban communities, the failure of state legislatures adequately to represent urban interests or appreciate urban needs, and, in some communities, potent economic forces.

The swelling flood of financial requirements is traceable to many factors:

1. The war and post-war inflation, which increased the costs of government more and more rapidly than it did revenues, mainly because of the cyclical inelasticity of the property tax, still the mainstay of local revenue structures.

2. Rising incomes and living standards, and a demand for commensurate improvements in government services and benefits.

3. Assumption of responsibility for new services and benefits, the most important single item being the care and rehabilitation of those stranded economically because of unemployment, physical disability or old age.

4. The bursts of population growth and migration in the war and post-war period, and mushrooming urbanization. The new communities require social capital—in streets, schools, utilities, recreational facilities, and the like—on an unprecedented scale. In the past, capital requirements were simpler, and capital was accumulated more slowly. But the rude schoolhouse and the old swimming hole do not suffice for modern suburbia. In Long Island we find escalator authorities and swimming pool authorities.

5. The need on the part of central cities to make up for investment and maintenance long deferred during the 1930's, to take care of population shifts within their own boundaries, and to make improvements to offset the advantages of suburban locations for commerce, industry and residence. Many cities are increasingly aware of the necessity of competing with their suburbs as profitable places to work and do business, and as attractive places to live. The alternative is large and premature losses of value in central city areas due to avoidable obsolescence.

The flood of financial requirements has been handled with a notable lack of imagination and statesmanship, so that there has

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been at least as much retrogression as progress in state and local fiscal structures during the past ten years. Many states and localities have tended toward makeshift adjustments and more poor taxes, hoping that the dilemmas would disappear.

Local financial needs have been met, or partially met, in several ways in the different states. Some states, like Michigan, rely heavily on state grants and shared taxes to bail out their municipalities; some, like Pennsylvania, have broadened local taxing powers; some, like New Jersey, have drifted, requiring their localities to meet the bulk of their requirements from that weary old fiscal work horse, the property tax. Some have combined these three policies in varying proportions. Results range from fair to bad.

State grants frequently are misallocated and inadequate, tending to promote bad budgeting at the local level. Most municipal non-property taxes are inequitable and difficult to administer, and tend to drive business out of the taxing jurisdiction; the smaller the jurisdiction, the greater are these difficulties. The municipal sales tax has been tried and found wanting in California, and the local income tax and other local taxes have encountered many difficulties in Pennsylvania. A few states have nibbled at the edges of the problem of financing the common needs of metropolitan areas, but none have had the courage to bite squarely into the center of the problem, either in creating new fiscal devices designed for the rapidly changing society, or new governmental forms to use them.

The metropolitan area, considered as a unit, suffers from the financial disadvantages of the municipality noted above. But the disadvantages are not of the same degree, because the size of the metropolitan area may make revenue measures tolerable that are not tolerable on a smaller scale. The same consideration applies to administration; many metropolitan areas are of sufficient size to command and pay for the kind of talent and training needed for competent tax administration. But the need is for area-wide taxing jurisdictions; revenue problems, like many others, are related to the need for government in metropolitan areas. Another major problem is the disparity among the governmental jurisdictions of taxing power relative

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to need. Of course, this problem is not confined to metropolitan areas; it is nation-wide.

Some central cities are faced with out-movements of their middle- and upper-income groups and their replacement with lower-income groups which have disproportionately less tax-paying power, and need special educational and other services to raise their productivity and help them adjust to the community. New York now has this problem with the recent large influx of population from the South and from Puerto Rico.

In the New York and other metropolitan areas, we find jurisdictions characterized by a predominance of middle- and lower-income residences, and with little commerce and industry to tax. The automobile has broadened the circulation area of the worker, so that where suburban communities were once inhabited primarily by average high-income groups depending on rail commutation, some are now inhabited primarily by lower-income groups. For instance, many towns in the northern ocean-side counties in New Jersey are populated by workers who drive into the industrial complex in north Jersey, or southwest into the Trenton area. East Paterson houses large numbers of workers from Paterson, Newark, Jersey City and other neighboring industrial cities. East Paterson itself has little commerce or industry, and for years has been desperate over its schools. Manchester, Connecticut, serves as a bedroom for East Hartford, and has similar troubles. All these are a part of the metropolitan area financial problem, although some of the towns may be outside the metropolitan area as strictly defined.

The Transportation Problem

Urban concentrations exist to minimize transportation and communication costs, the costs of space friction. This purpose is frustrated in modern cities in many ways. The most obvious and important is the separation of workshops and homes, often by long distances. The centripetal pull on business firms results in their bidding land values up to the point where housing cannot compete for space in and near the central business districts, unless it is subsidized, high-income, or densely occupied as in slums. The larger the central business district, the greater

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the cost of time and effort of getting into its center. Of the 2½ million persons who work in downtown Manhattan below 60th Street, some 350,000 live out of the city entirely, some as far away as Philadelphia and New Haven. Workers can commute as far as 15 miles and still live in the city boundaries.

Two major facets of the transportation problem are identified with this daily gathering and dispersal of the urban congregation. The first is the fact that the in-pouring and out-pouring take place in comparatively short periods, imposing a tremendous peak load problem on facilities. The necessity of getting to work all at once increases the time and cost of transportation for everybody.

The second arises from one of the most passionate and awkward romances of the ages, the American's love of his shiny, powerful, rainbow-hued, inordinately large automobile. For anything less than maximum capacity it is one of the most expensive ways of getting around, but love is blind; the owner ignores the 10–12 cents a mile total cost and sees only the cost of gasoline. He uses his car in and out of season, under conditions where it cannot possibly function properly. In the most expensive urban roadways in the land, congestion restricts the power of hundreds of horses to the walking speed of one. This striking measure of the reduction of efficiency of the automobile in tight places is matched by the over-all loss of economic efficiency of many large urban communities, imposed by intemperate use of automobiles.

The affair between the urban traveler and his sleek and expensive paramour is made possible by the subsidies of the public which suffers the costs and inconveniences of congestion. To make matters worse, in most cities, these subsidies are financed in part by the efficient and hard-toiling but unglamorous drudges of mass transportation, which pay special franchises for the use of the streets which the inefficient beauties use for little or nothing, and which in many cities even have to pay for removing the ice and snow.

I doubt if the passion for out-of-season automobile riding would survive a system of charges based upon the cost of automobile use to the urban community at large. It is paradoxical that the

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Americans, who have brought the price system to probably the highest level of efficiency in the world, have so completely fallen down in applying it to the use of the private automobile. If this instrument were charged with a fair proportion of its economic costs, the roadways would be less congested, and the community could afford to spend more in making public transit speedy and comfortable. But this necessitates an integrated transportation scheme for entire urban areas, concerned with the relation of automobiles and mass urban transit, and with movements of goods as well as persons.

Political and Governmental Problems

There are four main kinds of problems: first, those pertaining to relations between sovereign state governments and their subordinate local governments; second, those pertaining to relations between local governments in metropolitan areas; third, those pertaining to relations of metropolitan areas divided by state boundary lines; and fourth, those arising from the lack of any government at all for performing certain vital functions.

Relations Between State and Local Governments

Here the leading single problem is the archaic system of representation still prevailing in many states which overweights the votes of rural constituents. New York City, with over half the state's population, has only about 43 per cent of the members of each house of the state legislature. The disproportion in many other states is worse; in the Connecticut lower house, the 169 towns have a maximum representation of two members, regardless of their population. Hartford and New Haven, with populations in the neighborhood of 175,000, have the same representation as Durham, population 1,800.

To this disproportion are coupled several unfortunate tendencies: (1) the view of the city as the fountainhead of iniquity and corruption, which is older than Sodom and Gomorrah, and the corresponding view that power should be kept from the hands of the wicked governors of cities; (2) the ignorance of legitimate urban needs; (3) the natural desire to use the legislature's sovereign powers to meddle with the affairs of cities for

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the ulterior motives of legislators, or for the sheer love of meddling; and (4) the natural tendency on the part of the predominant rural interests to vote their districts disproportionate shares of state grants or other benefits. All these tendencies have been manifested in New York City's relation with its state government.

In the 1821 New York Constitutional Convention, Chancellor James Kent argued that "In the hands of moderate and moral farmers liberty was not likely to be lost . . . can gentlemen seriously and honestly say that no danger is to be apprehended from those combustible elements which [New York] City must ever enclose?"[3] And one of the delegates to the 1894 Constitutional Convention, opposing home rule for cities, referred to the New York City population as "a sewer of ignorance and corruption flowing in upon [the City] from foreign lands."[4]

Although this attitude is no longer so bluntly expressed, the state legislature still keeps a tight reign on New York City's financial resources, rigidly limiting the taxes it can levy while dictating what expenditures it shall make for many purposes, and interferes with numerous purely local functions, such as the management of the transit system. State officials repeatedly take the attitude that the world's largest city shall be considered in exactly the same light as that of the state's smallest city, or, for that matter, of the smallest local jurisdiction.[5]

In 1954, immediately after a constitutional amendment raising New York City's real estate tax limit had been ratified, the state legislature passed a special act partly nullifying the amendment—this despite the fact that the City's new constitutional rate was lower than that available to local governments serving any other city in the state. The same year the state stepped into the New York City transit picture by establishing a Transit Authority to be comprised of members appointed partly by the

[3] W. Bernard Richland, "Constitutional Home Rule in New York", *Columbia Law Review*, March 1954, p. 317.

[4] *Ibid.*

[5] See also Gilbert Steiner, "Notes on the Formation of State-Municipal Fiscal Policy", POLITICAL SCIENCE QUARTERLY, September 1955.

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Governor and partly by the Mayor of New York City. The assignment handed the Authority was romantic and impossible to begin with, and there is no evidence that the Authority was either competent or effective. It was reconstituted in 1955, with the state still insisting on keeping its finger in the pie.

There are other effects of disproportionate representation. The state for two decades has neglected to keep up to date the real estate tax equalization ratios which determine the distribution of state aid to schools. When new figures were finally released in 1954, they demonstrated what everyone had known for a long time: that the ratios for years have heavily favored the more rural districts. Confronted with the evidence of this maldistribution, the legislature passed an act continuing the maldistribution and decreeing that if it were ever abolished, the abolition should be very gradual. But New York's situation is better than that of its neighbor, Connecticut, where the predominance of the small-town interests in the lower house has consistently deformed school aid legislation by making grants depend upon size of enrollment in the district, rather than upon need, with the less populous districts getting the larger grants per pupil.

Given such persistent obstruction, about the only effective way of getting effective state assistance for local functions is for the state to take over entire functions, and this in turn may have undesirable repercussions for the health of local government. The same blithe ignoring of pressing urban needs is evidenced in the typical state legislature's attitude toward metropolitan community needs which transcend city lines.

Relations Between Local Jurisdictions in Metropolitan Areas

New York City has been relatively fortunate in bringing control over most governmental functions in a wide area under a single governmental body. But, as mentioned above, numerous area-wide problems remain—difficult to attack in an area comprising three major cities, seventeen counties in addition to New York City, and many other cities, towns, villages, school districts along with the special districts. Most other urban communities are worse off, not being even so well integrated as New

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York. Usually one finds municipal and county governments, schools and special districts at work on their respective problems in the same territory, frequently with little or no recognition of each other. The existence of so many governments makes it impossible to get reliable expenditure and revenue data which will enable comparisons of the costs of operating City A and City B. But the problem of comparative statistics is the least of those posed by the fragmentation of responsibility and power. In a word, it defeats any orderly approach to the problem of local government, through unified planning, budgeting and administration.

Wayne County, center of the Detroit metropolitan area, contains 18 cities, 16 townships, 9 villages, 91 whole and fractional school districts, 89 drainage districts, 165 special paving districts, 200 local special assessment districts, and one library district. This is a total of 590 governmental districts, which in 1953 levied taxes and special assessments aggregating about a quarter of a billion dollars. The entire Detroit metropolitan area covers three counties and part of a fourth, and in addition to the county governments contains 59 townships, 37 cities, and 29 villages. From this congeries, whose units are not only uncoördinated but limited in their power to act by state tax restrictions and others, there must somehow be created the machinery for meeting the needs of the great metropolitan community.

Metropolitan Areas Divided by State Boundary Lines

In 1950, 23 standard metropolitan areas extended across state boundary lines and another 28 bordered state lines without crossing them.[6] The weight of this deficiency may well be even greater in the future than in the past, as more metropolitan areas grow to the point where they extend across state lines.

Outside of the creation of interstate compacts, setting up special authorities and commissions to deal with special limited problems, there has as yet been developed in this country no generally effective device for meeting metropolitan area problems

[6] See Daniel R. Grant, "The Development of Interstate Metropolitan Areas", *The Western Political Quarterly*, March 1955.

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extending across state lines. Examples of the limited-problem approach are the Port of New York Authority and the Waterfront Commission, representing bi-state compacts between New York and New Jersey, which, incidentally, have required the approval of Congress. But these devices take special and arduous effort and create problems of their own. For example, the Port of New York Authority has what amounts to large taxing powers which permit it to expand its empire with no legislative referendum and with no political checks, save indirectly by the fact that Port Authority directors are appointed by the Governors of New York and New Jersey. Since the appointments are for long terms, there is little exercise of control by the voters.

The Rôle of Political Parties

Thus far the discussion has concerned the inadequacy of forms of governmental organization to meet the problems of increasing urbanization. This has its counterpart in politics, and in the responsibility or lack of responsibility in party organizations. In the general public revulsion against the "shame of the cities" a half-century and more ago, reform efforts focused upon nonpartisan government, which would be free of boodle and graft. City manager forms of government became the ideal along with the elimination of party labels in the nomination and election of city legislators and officials. The results have not all been good, although the emphasis on professional administration in the reform movement is partly responsible for the managerial revolution that is now occurring at the municipal level. Today there is increasing attention to the functions of parties in local as well as state and national government, and increasing recognition of the fact that "party organization is an inescapable and desirable instrumentality of democratic life in large population groupings, where self-government requires representative institutions in political party leadership as well as in government."[7]

Nevertheless, party organizations are notoriously slow in

[7] Luther Gulick, "Metropolitan Political Developments", in *The Metropolis in Modern Life*, Columbia University Bicentennial Conference Series (Garden City, 1955).

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taking the lead in seeking solutions for metropolitan area problems. One of the main reasons is that reform involving the streamlining of government organizations is likely to disarrange elaborate patterns of party organization. Party organizations and loci of power within the organization frequently reflect particular governmental structures. Every county, city and village government, school district and other special jurisdiction exerts its particular influence upon the shape of the party organization. When these are rearranged, the whole corresponding political framework frequently has to be rearranged. The ordinary politician fears such a rearrangement because it may result in his being technologically unemployed, or having to learn a new method of operation. Of course, there are gainers as well as losers in every shuffle, but the potentialities ordinarily are seen only by exceptional individuals.

Further complications arise in the organized pressures brought by civic groups, taxpayer groups, associations of public officials and public employees, and the innumerable organizations for special purposes, most of which have vested interests in the *status quo* or in some particular form of new organization. For instance, suburban interests oppose consolidation to preserve tax advantages, or prerogatives in local government activities. The resulting conflicts can often lead to a policy of no decision as the least painful way out. This increases the pressures that must be brought to get anything done.[8]

All these pressures are focused upon elected officials who must worry about keeping themselves and their parties in power. It is no wonder, therefore, that they approach the problem in a manner reminiscent of two young coyotes in the Walt Disney picture, *The Vanishing Prairie.* They were playing a game called, "Let's see who can sit on the ants the longest."

Solutions?

After great argument, we come out of the same door wherein we went. "What is adequate is not politically feasible, and

[8] A good discussion of the pressures at work in the Pittsburgh area is presented in J. Steele Gow, "Metropolitics in Pittsburgh" (1952), an unpublished doctor's dissertation for the University of Pittsburgh. See also Victor Jones, *Metropolitan Government* (Chicago, 1942).

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what is politically feasible is not adequate", it has been said, and there we stand.

But to avoid ending the discussion on a note of complete frustration, the writer suggests a few approaches, none very original. Perhaps the easiest thing is to say that the problems will never be solved, or that, as we solve present problems, new ones will arise which we will not have foreseen. This is the price of living in a century which has seen greater changes in technology than have occurred in the rest of history, in an age when men have expanded so greatly their capacity for controlling the forces of nature and so little their capacity for controlling themselves.

Still, the problems of the present have to be attacked, taking the chance that the solutions may be entirely inappropriate for the world of tomorrow. And although we cannot at all foresee the shape of things to come in twenty-five years, even assuming no destructive war in the meantime, it should be possible to reduce the obsolescence rate of solutions by looking ahead as best we can, and by planning for flexibility so far as is possible.

It is clear that many of the problems can be attacked only by changing forms of government or creating new ones. In the matter of providing government services and exercising needed government controls on a metropolitan area-wide basis, conditions everywhere call for area-wide authority. In some cases the best answer is to put outlying territory into the jurisdiction of the central city by annexation. Where metropolitan areas are contained within counties, as many of the smaller ones are, some problems can be handled, at least temporarily, by transferring functions from municipal to county governments. The device of special authorities and districts within states is familiar and has had varying success, for instance, the Chicago Sanitary District and the Boston Metropolitan Transit Authority.

The many areas which cross state lines pose more difficult problems, for which no general solutions and only a few partial solutions have been forthcoming. In his discussion of New York's metropolitan region problems, Luther Gulick has suggested the possibility of handing them to special authorities,

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or agencies, resting on interstate compacts following the precedent of the Port of New York Authority. One such authority would handle the problem of water supply and air and water pollution; another, a unified transportation setup covering roadways, bridges, tunnels, rapid transit, and the entire Port.[9]

The most interesting development in local government on this continent during the post-war period has been the creation of a Metropolitan Council in Toronto, with jurisdiction over certain functions in the area of Toronto proper and twelve suburban communities.[10] The functions include: water supply, provision of a courthouse and jail to be used by the county and the municipalities in the area, transportation, reorganization of school units, and assessment of property for tax purposes. The Council is also authorized to establish a metropolitan road system, to undertake public housing and redevelopment projects, and to adopt a metropolitan plan covering such matters as land use, roadways, sanitation, green belts and parks, and public transportation.

A great advantage of the Toronto approach is that it avoids the fragmentation of government responsibilities and administration involved in setting up separate metropolitan area authorities to deal with separate problems. Significantly, the new form was not freely planned and adopted by the municipalities themselves; attempts at consolidation on that level were unsuccessful. The structure was based on a plan proposed by the provincial Municipal Board and adopted by the Ontario Legislature, with some modifications. Few states have any such special machinery to use as a tool for bringing about consolidation.

Planning and urban research generally are restricted by the same factors that restrict other metropolitan services, including the difficulty of getting unified action in areas extending across state lines. There is little metropolitan area planning and

[9] Paper read before Regional Plan Association, *loc. cit.*

[10] The Metropolitan Council is superimposed upon the existing local governments. See Winston W. Crouch, "Metropolitan Government in Toronto", *Public Administration Review*, Spring 1954.

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research except by unofficial agencies such as the New York Regional Plan Association and the Kansas City Regional Planning Council. The Port of New York Authority and the St. Louis Bi-State Development Agency, of course, carry on research and planning functions in their own specialized fields.

There is no conceivable way of financing the needs of metropolitan areas but to give revenue-raising powers (or state and federal grants) to area-wide jurisdictions. This has nowhere been done in this country except by the device of giving more responsibility to county governments, and creating limited-purpose authorities or districts, which for the most part get their revenues from charges for services. Yet one wonders how state legislatures which have been unable to remedy the ancient deficiencies of local finance will bring themselves to face the great new problems of the future.

In some cases, the problems of metropolitan areas are dissolving into still larger problems. What are we to do with urban communities which extend for scores and hundreds of miles? This condition already exists on the East Coast. Does it call for super-jurisdictions extending over many states? Should the federal government assume responsibility for the common problems? What is the optimum size of local government in such areas? These problems of government forms have been scarcely considered.[11]

Moreover, creating a new government form does not of itself solve underlying problems. There must be some notion of feasible and realistic solutions, which the new governmental bodies are authorized to pursue. New York City's new Transit Authority provides a negative example. Its first responsibility is to make the transit system pay its own operating expenses, not to improve the service. Unless the writer is greatly mistaken, the Authority cannot possibly meet this stipulation very long; the underlying conditions are all against success. What is needed is an integrated transportation setup for the entire metropolitan area, including proper controls of automobile use,

[11] See Charleton F. Chute, "A New Approach to the Problems of Metropolitan Area Government", a paper delivered at the National Conference on Government, Seattle, Washington, July 25, 1955.

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a system of pricing which bears some relation to the relative costs of the various means of transportation, and a pooling of revenues.

Underlying all other urban problems is an aching void of data and theoretical work on which to base policy decisions. For instance, in the field of finance, we know very little about the economic effects of the real estate tax compared with other taxes, although real estate taxes are still our main source of revenue for local government. We have no idea how much further the real estate tax might be exploited in most communities without serious economic consequences. Much work needs to be done in the field of public pricing, particularly since public prices promise to be the main source of revenue for metropolitan area jurisdictions for some time to come. There has been virtually no work on the economic problems of integrating private and public automobiles with mass transit in an optimum passenger transportation system for a metropolitan area, nor on techniques of pricing which should be used.

The state of our knowledge of what should be done with many important problems is about as low as the state of our institutions for doing it, and we need much more work on both.

LYLE C. FITCH

NEW YORK CITY

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COMPETITIVE STRUCTURE AND INTER-INDUSTRY COMPETITION

ONE of the oldest propositions in economics is that departures from pure competition result in a misallocation of resources. It is argued that the monopolist or oligopolist will, in attempting to maximize profits, set a rate of output which is smaller than that which is socially desirable. Given full employment, it follows that too many resources will be committed to competitive industries and too few to monopolistic ones.

Following the seminal work of Joseph A. Schumpeter and John M. Clark, there has been a tendency to dismiss this argument as applying only in a static, short-run case, and to minimize the importance of the misallocation in a dynamic economy. In recent years we have been told that most of the economy really is competitive (in some sense), that big business is benign (or "progressive" and "efficient"), and that departures from pure competition do not result in much loss of welfare.

The purpose of this paper is to argue that the misallocation proposition also holds under dynamic conditions, but that the direction of the misallocation is often the opposite of that deduced from the static theory. The writer contends that if the differences between highly competitive and less competitive industries were reduced, we would find, in some cases, more resources devoted to the (currently) atomistic industries, and fewer allocated to the oligopolistic ones. If this is true, then it becomes apparent that there are fundamental inconsistencies and inequities in our present public policy toward industries of different competitive structures.

The policy conclusion of the static theory has been stated by R. F. Kahn as follows: "We may conclude that it is socially desirable to expand those industries in which competition is more imperfect than the industries with which they compete for their factors of production and to contract those in which

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the opposite condition prevails."[1] The relative difference in degree of competition is emphasized as the cause of the misallocation. Kahn says:

> All industries are to be arranged in descending order of degree of imperfections of competition. Then it is socially desirable to expand those industries which lie above the "average" industry and to contract those which lie below. It is not the absolute degree of imperfection of competition (of "monopoly") but the deviation from the norm which determines the direction and the magnitude of the deviation from ideal output. If competition were everywhere equally imperfect there would be no case for interference.[2]

This conclusion rests upon numerous underlying assumptions. One of the most important of these is that the industry's supply and demand schedules be taken as given, and independent of the structure of the industry. If one examines the expenditures of firms in most oligopolistic industries, however, it is apparent that one of the important objectives of these firms is to change such schedules. It also appears to this writer that there is a significant difference between these firms and those in atomistic industries in their ability to effect such changes.

Schumpeter has argued this point at some length, emphasizing the lowering of the supply schedule by the oligopolistic or monopolistic industry.[3] He rather neglects the raising of the demand schedule, although it can be shown that this is of equal or greater importance in some cases.[4] Schumpeter says, "there are superior methods available to the monopolist which either are not available at all to a crowd of competitors or are not available to them so readily", and, therefore, "monopoly prices

[1] R. F. Kahn, "Some Notes on Ideal Output", *Economic Journal*, March 1935, p. 21.

[2] *Ibid.*, pp. 21, 22.

[3] Joseph A. Schumpeter, *Capitalism, Socialism, and Democracy* (New York, 1947), ch. viii.

[4] In the preface to the second edition, p. x, Schumpeter speaks of "demand and cost conditions" but in the body of the book he develops only the cost side of the picture.

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are not necessarily higher or monopoly outputs smaller than competitive prices and outputs would be."[5] In other words, he says that the monopolist, by lowering costs, brings about a new equilibrium of greater output and lower price than that which would prevail under competition.[6]

As presented by Schumpeter, this is far from a general argument. If the demand for the product is inelastic at prices lower than the competitive price, no amount of lowering of marginal cost can produce the above result. If the monopolist seeks to maximize short-run profit (not precluded by Schumpeter), then the monopoly price is necessarily higher than the competitive price.

Even if demand is moderately elastic, it is not likely that lowering marginal cost alone will produce a lower price. If the elasticity of demand is below 2.0 at all prices lower than the competitive price, the marginal cost curve would have to be lowered by more than one half, and if below 1.5, by more than two thirds in order to produce the desired equilibrium. The results foreseen by Schumpeter are much more likely to be realized if we introduce the possibility of the monopolist also effecting a shift of the demand curve through advertising and other forms of sales effort.

Clark's criticism of the static case seems to rest principally upon the contention that the long-run demand curve is much more elastic than the short-run curve, and that the former is the more relevant to business men in formulating price policies. His criticism is limited, in the writer's opinion, by the fact that he also deals with a demand curve whose position is fixed, or at least independent of the structure of the industry. In his classic essay on "workable competition" Clark writes:

> The chief proposition remains—namely, that the long-run effect of a high-price policy on the part of any one producer would tend to a much larger falling-off in sales than would occur in the short

[5] *Ibid.*, p. 101.

[6] In economists' terms, the intersection of marginal cost and marginal revenue is further to the right than the intersection of the industry's marginal cost curve (under competitive conditions) and the average revenue curve.

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> run. The long-run schedule (demand) might in numerous cases approach the horizontal so closely that the slope would not be of material moment in the light of all the uncertainties involved.[7]

This may be true, but it does not take account of the fact that a high-price policy in the short run will permit greater expenditures for advertising, sales promotion, market research, and style change which can make the demand in the long run quite different from what it would be in the absence of such expenditures.

Professor Clark is certainly correct when he says that some business men take the attitude "that it is 'good business' to maintain and expand their sales volume, even at some sacrifice of immediate profits."[8] But it does not follow that this will be accomplished by charging low prices, or prices which approach those which would prevail under highly competitive conditions. Profits are equal to revenue minus expenditures, and the above statement is perfectly consistent with a high-price policy coupled with heavy expenditures for advertising, sales commissions and discounts, lobbying, commercial bribery, scientific research, and product and process development. Furthermore, accounting procedures which attempt to distinguish between "sales" costs and "production" costs are often very artificial. A *Fortune* editor has noted: "Much product redesign and even new product development, for example, obviously belongs under the heading of sales costs, done solely to make the product more palatable."[9]

Just as price elasticity (N) measures the responsiveness of demand to changes in price, we may use the concept of "responsiveness to sales effort" (S) to measure the relative changes in demand which result from changes in expenditures per unit on "sales effort" while holding price constant. Price elasticity is defined:

[7] J. M. Clark, "Toward a Concept of Workable Competition", *American Economic Review*, June 1940, p. 248.

[8] *Ibid.*

[9] Gilbert Burck, "Who'll Buck a Trend?" *Fortune*, October 1952, p. 210.

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$$N = \frac{\text{change in quantity}}{\text{quantity}} \div \frac{\text{change in price}}{\text{price}}$$

Let "responsiveness to sales effort" be defined:

$$S = \frac{\text{change in quantity}}{\text{quantity}} \div \frac{\text{change in expenditure (per unit) on sales effort}}{\text{price}}$$

It follows that if a business man wishes to increase the quantity sold, a comparison of N (ignoring the minus sign) and S will reveal whether he should lower his price or increase his expenditures on "sales effort". If N exceeds S, he should cut his price; if S exceeds N, he will profit more by keeping his existing price and increasing his expenditures on "sales effort". If he wishes to reduce the quantity sold, the opposite is true.

It is certainly not evident that price elasticity is always the higher of the two. The only time this is certain is when the short-run demand curve facing the firm is very elastic, that is, when highly competitive conditions exist. With respect to the total demand for a commodity, there must be many cases where the "responsiveness to sales effort" exceeds the price elasticity over a wide range. It is only possible for the industry to take appropriate action, however, if it does not have a highly competitive structure. The writer does not suggest that firms in less competitive industries always charge high prices (relative to marginal cost), or that they always waste (from the point of view of society) resources through expenditures on "sales effort". The point is that these firms have some choice in the matter, and the firms in the atomistic industries do not.

This concept helps explain why business men in an imperfectly competitive industry frequently prefer non-price competition to price competition. If S exceeds N for the total demand, it is clear that all firms benefit from concentration on non-price competition. While the expenditures on "sales effort" are ostensibly directed toward shifting the demand curve of each firm, the net effect of such expenditures by all firms will be to influence the total demand for the commodity. The industry which is so highly competitive that price competition is dominant

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must therefore be at a disadvantage in terms of inter-industry competition.

Professor George Stigler has written:

> When a small number of firms control most or all of the output of an industry, they can individually and collectively profit more by cooperation than by competition. This is fairly evident, since cooperatively they can do everything they can do individually, and other things (such as the charging of non-competitive prices) besides.[10]

It seems to this writer that this statement may be amended or extended to include the following: An industry divided into a number of less competitive units can do everything that the same industry divided into a larger number of highly competitive firms can do, and other things besides. Some of these things will be socially undesirable; some may be socially desirable. Schumpeter stressed the latter, Stigler, the former, but the question of which tendency will predominate is not at issue here. The point is that the less competitive industry will be in a better position to influence the supply of, and especially the demand for, its product.

The courts have not been slow in taking notice of the relationship between competitive structure and inter-industry competition. In refusing divestiture of Alcoa in 1950, Judge Knox said in part:

> One must constantly remember that aluminum products are in fierce rivalry with articles composed of other materials, and which are manufactured and sold by concerns that, in size, are fully equal to Alcoa. Indeed, in some instances, the resources of such competing firms far exceed those of all three domestic aluminum producers. . . . The success of any such effort to encroach upon fields of endeavor that are now occupied by strongly entrenched competitors can be achieved only by companies that are rich in resources, and which are capable of undertaking extensive scientific and market experimentations. At the present juncture, the weakening of any aluminum producer would lessen the buoyancy of the industry as a whole. Rightly or wrongly, from an economic and social standpoint, big

[10] George Stigler, "The Case Against Big Business", *Fortune*, May 1952.

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> business in many industries is an actuality, and if such enterprises are to be subjected to effective competition, their trade rivals must be of somewhat comparable strength.[11]

Judge Knox, in effect, refused to make the aluminum industry internally more competitive because this would weaken the industry's ability to compete with other industries. It is fairly evident that this attitude will be prevalent in dealing with oligopolies and monopolies, especially when the industry gives evidence of product improvement, "creative research", and expanding production over time.[12] There is no evidence, however, that the implications for atomistic industries of such a policy have been considered by either economists or jurists. If "efficiency", "progress", and the ability to compete with other industries are to be established as criteria for antitrust policy toward less competitive industries, then a complete reëxamination of public policy toward atomistic industries seems indicated.

The rediscovery in recent years that demand curves are more elastic in the long run than in the short run, that countervailing power may arise, and that monopolies may lower costs and prices[13] has led to some complacency regarding the present structure of industry in the United States. The writer suggests that this complacency is manifestly unfair to those industries which are still operating under conditions of atomistic competition. It may also be socially unwise. One alternative would be to press for rigorous price competition among all industries. The other would call for assistance to atomistic industries with a view toward more effective inter-industry competition.

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[11] U. S. v Aluminum Company of America, District Court of the United States for the Southern District of New York, 91 F. Supp. 333 (1950).

[12] *Cf.* U. S. v E. I. du Pont de Nemours & Co., 118 F. Supp. 41 (D. Del. 1953).

[13] *Cf.* Alfred Marshall, *Principles of Economics* (8th ed., London, 1920), pp. 477–495.

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BRITISH MASS PARTIES IN COMPARISON WITH AMERICAN PARTIES

STUDENTS of comparative politics usually view mass-membership parties as distinctively modern and progressive phenomena. On this point, many students of American politics join those of the European field in regarding American parties as backward in comparison with European, and particularly British, parties. To take a prime example, the reformers of the "greater party responsibility" school have shown a decided preference for larger and more active memberships along with their basic desire for centralization of party authority.[1] This has not always meant that the American reformers wanted a party leadership to be primarily responsible to a party membership, instead of all party voters or the electorate at large. In fact, the "party responsibility" school is not clear on this crucial matter.[2] But it is definite enough in its belief that American parties would be making an advance by recruiting mass memberships.

The assumption that American parties do not now have mass memberships, in the European sense, may be accepted with

[1] Committee on Political Parties, "Toward a More Responsible Two-Party System", Supplement to *American Political Science Review*, vol. XLIV (September 1950). Also E. E. Schattschneider, *Party Government* (New York, 1942) and *The Struggle for Party Government* (College Park, 1948). The relationship of this view to legislative responsibility in Britain is discussed by the writer in "Cohesion of the British Parliamentary Parties", to be published in the *American Political Science Review*.

[2] In *The Doctrine of Responsible Party Government: Its Origins and Present State* (Urbana, 1954), Austin Ranney (at pp. 17–19) interprets Schattschneider (the leading recent spokesman of the "party responsibility" school) as intending to have party leaders responsible to party *workers* despite the fact that Schattschneider signed the APSA Committee Report which seemed committed to the view that the leadership should be responsible to party *voters* (perhaps to primary election voters). Schattschneider himself seems unconcerned about internal party control so long as it is centralized. "The essence of democracy", he has written, "is to be found *between* the parties, not *within* the parties." *The Struggle for Party Government*, p. 39.

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only slight qualification. Party membership, as such, has hardly any settled meaning in the United States.[3] Sometimes to be a member means simply to cast one's vote regularly for a given party at general elections. At other times membership is taken to include a party's primary election voters, who may (in closed primaries) or may not (in open primaries) have officially registered their affiliation as a condition for choosing party candidates. Obviously neither of these broad categories constitutes an organized membership. Yet under many state statutes a party's primary voters select the precinct committeemen who compose whatever organization exists.[4] At another extreme, membership may be narrowly defined so as to mean only regularly active campaign workers. In this definition, one cannot very well count those election-year activists who work for a candidate but who do not in any definitive way associate themselves with a party. Their numbers may be so great and their efforts so strenuous that an American campaign, especially a presidential campaign, is often marked by at least as much active popular participation as a European election. Nevertheless, this American activism is different in kind from that continuously provided by a party's mass membership.

Only here and there in the United States are attempts made to fix a large-scale party membership on a regular dues-paying basis, and thus to correspond to the European example. Significantly these attempts have been made outside the official parties which are recognized and regulated by state laws. The new extralegal and voluntary organizations (that is, in California and Wisconsin) have settled notions of membership, mainly on a dues-paying basis, and they have achieved something of the ideological purposiveness associated with European parties.[5] It may be argued that these new parties, despite

[3] Varying definitions are indicated in Clarence Berdahl, "Party Membership in the United States", *American Political Science Review*, vol. XXXVI, pp. 16–50, 241–62 (February and April 1942).

[4] V. O. Key, *Politics, Parties and Pressure Groups* (New York, 1952), pp. 365–71.

[5] Voluntary parties are discussed by Currin Shields, "A Note on Party Organization: The Democrats in California", *Western Political Quarterly*, vol. VII, pp. 673–84 (December 1954); Hugh Bone, "New Party Associations in the West", *American Political Science Review*, vol. XLV, pp. 1115–25 (December 1951); and Frank

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their relatively small size, indicate the beginning of a trend in the United States, but it is still safe to say that generally the major American parties, national and state, are not based on mass memberships.

Although the facts concerning this state of American party affairs are not disputed, the perspective in which these facts are often presented by the student of comparative politics is more difficult to accept. That mass-membership parties are more modern and advanced than what the United States has, is hardly a self-evident proposition. However, it has wide currency and appreciable status. One of its more important recent exponents is Maurice Duverger, whose attempt to provide a frame of reference for the study of parties is now well known. For Duverger the conception of large-scale membership is itself "modern", originating principally in European socialist recruitment at about the start of the twentieth century. Although conceding that some conservative and moderate groups (like the French Radicals) have never had many members, Duverger describes other nonsocialist parties as responding to the challenge of universal suffrage by obtaining mass memberships in order to meet Left-wing electoral competition. At any rate, Duverger finds the *mass* party characteristic of the present age; and he is convinced that what he calls the *cadre* party, with its small and informal membership, properly belongs to an earlier period when the franchise was based on a property qualification. This distinction between cadre and mass parties rests on structure as well as size. Duverger believes that the mass party, typically of the Left, is unlike the cadre party not only on account of its numbers, but also because it is established for a participating membership.[6] While the cadre party has a caucus-type organization (weak, decentralized, and dominated

Sorauf, "Extra-Legal Political Parties in Wisconsin", *American Political Science Review*, vol. XLVIII, pp. 692–704 (September 1954). My own investigation of Wisconsin parties indicates that the Democrats have about 7,000 dues-paying members (in the off-year of 1955), and that the Republicans have dues-paying units in a few urban counties and a large and active membership in a more loosely defined sense.

[6] Maurice Duverger, *Political Parties*, tr. by Barbara and Robert North (London, 1954), pp. 63–67.

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by influential "notabilities"), the mass party is organized on the basis of the *branch*, designed to allow strong articulation of opinions by the membership.[7] Altogether it is plain that Duverger regards the mass party as the political form suited to the democratic franchise, and, as such, the nearly inevitable as well as the rightful product of our times:

> All the speeches upon the benefits of craftsmanship and the evils of industrialization do not alter the fact that the artisan's day is done and that we live in an age of mass-production; regrets for the individualist and decentralized cadre parties of the nineteenth century and imprecations against the vast centralized and disciplined parties of today do not alter the fact that the latter alone suit the structure of contemporary society.[8]

For those who accept Duverger's perspective, in which the American party's cadre membership and caucus organization are deemed old-fashioned, it is understandable that British parties should most frequently be cited as models. Not only are the British mass organizations readily accessible to American scholarship, but their very size and regularity seem in sharpest contrast to the state of American parties. Certainly both the Conservative and Labor parties have mass memberships in the sense that Republicans and Democrats do not. But the significance of this difference between British and American parties is not necessarily what the Duverger perspective implies. A close look at Britain's party organizations, in comparison with the American, may cast doubt on the view that mass-membership parties are *the* modern response to a democratic age. Thus American parties might be different but no less modern or democratic.

[7] *Ibid.*, pp. 17–27, 44–47. The cell and the militia are also "modern" in Duverger's classification, but they are not regarded as entirely compatible with a democratic political system (pp. 27–40).

[8] *Ibid.*, p. 427. It should be noted that Sigmund Neumann has employed different terms from Duverger's "cadre" and "mass", but to much the same purpose in contrasting the old-fashioned and the modern. In a mimeographed paper, "Political Parties: Concepts, Structure and Strategy", read at the 1954 convention of the American Political Science Association, Neumann contrasted the "party of *individual representation*" with the "*party of integration*", which he held to be characteristic of mass democracy (p. 9).

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The point of the present analysis is to demonstrate, and indicate the significance of, the decidedly secondary rôle of the mass parties in the structure of British political power. What is to be stressed is a consequence of the theory and practice of the British constitution: that members of parliament are independent of outside control, and that governments are responsible to the House of Commons (or to a majority of that body). The multitudes of dues-paying partisans are not assigned the authority to impose policies on parliamentary representatives. The locus of power, as recent British scholarship has emphasized[9] and as Duverger concedes,[10] remains in the parliamentary parties as opposed to the external mass parties. In this exposition of the secondary rôle of the mass organizations, each of the two major parties is to be discussed separately, and certain generalizations drawn at the end of the study.

Conservative Structure in Great Britain

The mass organization now called the National Union of Conservative and Unionist Associations was deliberately created in 1867 in order to propagate the Conservative message and to recruit supporters for the already existing parliamentary leadership.[11] Plainly the Union was the response of politicians

[9] The fullest account of the complexities of internal party relationships is that by R. T. McKenzie, *British Political Parties* (London, 1955). A brief and succinct statement of the secondary status of the mass organizations has been made by another British political scientist, David Butler, "American Myths About British Parties", *Virginia Quarterly Review*, vol. 31, pp. 46–56 (Winter 1955). McKenzie's book is drawn upon more frequently than other sources in order to support my observations, but this does not mean that he would necessarily share my general point of view. Also it should be emphasized that McKenzie affords a richness of detailed illustrations that cannot be adequately summarized. His will no doubt be the standard guide to British party organization for many years.

[10] Duverger (*op. cit.*, pp. 188–90) believes that the domination exercised by the British parliamentary parties is unusual among modern parties. Probably the French Socialist party has the measure of extraparliamentary control over legislative representatives in order to meet Duverger's requirement for the "usual". On the French Socialists, see Philip Williams, *Politics in Post-War France* (London, 1954), pp. 65–68. Australian Labor is, to some extent, in this same pattern. See Louise Overacker, *The Australian Party System* (New Haven, 1952), pp. 2–3; and J. D. B. Miller, *Australian Government and Politics* (London, 1954), pp. 70–71.

[11] McKenzie, *op. cit.*, p. 152.

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concerned to win the votes of a mass electorate, just then enfranchised, but since there was no Labor party (and would not be for over thirty years) the Conservative organization was hardly designed to meet socialist competition. Rather it was the organization of the Liberal party which the Conservative leaders originally sought to counteract, and with much the same basic purpose that has animated the subsequent rivalry with Labor. However, it might be contended that it has been the stimulus of recent socialist competition which caused the development of an extremely large dues-paying membership—2,805,032 as of March 1953.

This membership is on an entirely individual basis, through the local constituency association. By joining a constituency association one simply becomes a Conservative party member. An individual may also belong to one of several auxiliary organizations, of which the Young Conservatives are the most important, but there is no way of being counted a Conservative by virtue of membership in anything but an official party association. Thus the Conservative party conforms clearly and completely to the branch type of organization. The constituency associations are the basis for the National Union.

Each Conservative constituency association is organized, as is its Labor counterpart, with an eye toward its main purpose of campaigning, especially for members of parliament. The constituency units, or parts of them, are also concerned with local council elections, but the entry of Conservative associations into this area of political activity took place some time after their organization around the national parliamentary election constituency. Local purposes were not responsible for the original organization, and consequently the National Union has not been built, in the manner of American parties, as a combination of locally interested political parties. It should be noted that the Labor party, despite earlier local activity, is not substantially different on this score from the Conservatives.

A Conservative association is not meant to have frequent meetings of what may be thousands of members. Instead, meetings are more regularly held in the association's subunits (wards in boroughs and polling districts in rural county areas). Here representatives are elected to serve as directors, along with

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certain other local representatives, on the Executive Council of the constituency association. For most purposes, this Council of about 60 to 100 members manages the association's affairs.[12] It employs the professional organizer known as the party agent. Also the rôle of the Council is crucial in exercising the outstanding power within the ambit of the local party: selecting the party's parliamentary candidate. When a sitting M. P. again desires to be a candidate, the procedure is ordinarily perfunctory. But when a new candidate is to be chosen, the Executive Council appoints a small selection committee which collects names of aspirants, interviews about a dozen, and then returns a list of about three for the Executive Council's consideration. The Council then hears speeches from the three or so remaining aspirants, and decides to recommend one to the constituency association as a whole. In order to act on this recommendation, the association does have a general meeting but its approval is taken for granted.[13]

Although a great deal more might be known concerning the Conservative selection process, there is little reason to believe that the choice of constituency associations, or of their executive councils, is seriously limited by national headquarters. Names of prospective candidates may be suggested by the national office, but they are not imposed upon a reluctant association. And although the candidate finally selected must be approved formally by a central authority if he is to carry the official banner of the Conservative leadership, this approval is confidently expected save in the most special circumstance. Plainly, then, in the Conservative party (even more definitely than in that of Labor) the parliamentary candidate is the choice of the local party membership, or at least of its representatives. There is no direct primary election by which the rank-and-file party voters can interfere with the choice of the active dues-paying members. The candidate adopted by the association is entitled to all of its (and the national organization's) support.

Yet the Conservative constituency association does not expect

[12] Ivor Bulmer-Thomas, *The Party System in Great Britain* (London, 1953), p. 135.

[13] *Ibid.*, pp. 204–6.

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a successful candidate to tailor his votes to the wishes of the local organization any more than to local constituents in general. The readoption procedure is not employed as a club by which an association threatens its M. P. To be sure, there are local pressures, but in more moderate form and more thoroughly in keeping with the British tradition of the M. P.'s independence from voter control. The point is that this tradition has not been modified by the existence of a local Conservative mass membership, despite its formal power to select candidates.

However, in the effectively nationalized politics of the British environment, virtually no one ever suggests that it is directly through a constituency association that party members influence parliamentary behavior. Rather it is through the national organizations, if anywhere, that the membership is supposed to affect policy-making; and on this score less is usually made of the influence of the Conservative organization than of Labor's. Nevertheless the Conservative case is worth examining.

At the national level, the Conservative mass organization has three agencies of articulation: conference, central council, and executive committee. The annual conference (or convention, in American parlance) is the most directly representative of the mass membership. However, the Conservative conference is composed in so odd a way as to show that it is hardly intended as a means by which the membership could control policy. No effort is made to represent constituency associations in proportion to their respective memberships. Each association is allowed the same number of delegates regardless of its size. And each is allowed so many delegates that (together with other miscellaneous delegates) the total potential conference attendance is about 5,600 and the actual post-war attendance has averaged more than 3,000. Clearly this is not the kind of conference that is expected to make policy. As R. T. McKenzie remarks, "The conference in recent years has served primarily as a demonstration of party solidarity and as a source of stimulation to the constituency representatives who attend."[14] These, to be sure, are important purposes, but they indicate subordination and not domination.

[14] McKenzie, *op. cit.*, p. 193; see also p. 189.

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To give the full picture, however, it must also be noted that the Conservative conference represents opinion which it would be foolish for the party leadership to ignore. If the conference cannot make policy, nevertheless its consent, tacit or otherwise, to the leadership's policy is highly desirable. Ordinarily this consent has been obtained, but an occasional difficulty does arise. There is even a rare instance when the conference seems to present a policy.[15] But no observer suggests that the mass organization, in annual meeting, could compel the Conservative members of parliament to adopt and carry out a policy which was definitely opposed by the parliamentary leadership.

The Central Council and the Executive Committee of the National Union are no more potent as policy-makers. The Council, too, is a relatively large representative body which usually meets once a year. Among other organizational matters, the Council elects the officers of the Union.[16] The Executive Committee has just over 150 members and meets several times a year (seven in 1953).[17] As is the case with the Council, there is every reason to believe that the Committee's functions are largely concerned with organizational activity rather than with policy matters.

Yet policy resolutions do emerge from the mass organization. Principally these are the product of the annual conference. Debates take place and votes are taken. However, the conference's arrangements for voting in the case of a substantial division of opinion are so primitive as to suggest that such a division is not contemplated as a regular part of the proceedings.[18] Resolutions seldom present divisive issues, and the debates on resolutions consist mainly of routine party exhortations. Conservative delegates only rarely think of themselves as instructors, and certainly not as the controllers, of the party leaders. It was

[15] An account of the 1950 conference's resolution on housing is given in my "Politics of British Conservatism", *American Political Science Review*, vol. XLVIII, p. 35 (March 1954).

[16] Bulmer-Thomas, *op. cit.*, pp. 155–56.

[17] *73rd Annual Report of the Conservative Conference* (1953), pp. 9–11.

[18] See Conference Standing Orders, *ibid.*, pp. 12–13.

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entirely in character for one annual report to a party conference to state: "The resolutions passed at the 1952 Party Conference were presented by the Chairman of the National Union to the Leader of the Party, who showed a lively interest in all that had been done at the Conference."[19]

The Leader, toward whom this gratitude is shown and whose title Conservatives prefer to capitalize, occupies his position as the result of election, principally by his fellow M. P.'s, to head the parliamentary party. The deference accorded him by the mass party is overt partly because non-equalitarianism remains good form among Conservatives. The Leader, unlike Labor's, participates in the annual party conference only at the end of the proceedings when he appears to make a formal address. More important, the Conservatives insist in their constitution that it is the Leader who establishes the party's campaign policy, subject merely to the advice of his followers. However, this is now thought to be much less autocratic than it sounds.[20]

A more definite indication of the membership's impotence may be observed in those cases where the conference does actually adopt a policy resolution that is at odds with the decisions of the parliamentary leadership. For example, Conservative conferences have frequently urged, as McKenzie has noted, that the House of Lords should be reformed, but no Conservative government has seen fit to sponsor the requisite legislation.[21] On this particular subject, there is no substantial disagreement on policy between the mass organization and the parliamentary leadership, but only a difference concerning timing and tactics. Almost any Conservative government, it may be assumed, would like to change the composition of the House of Lords so as, eventually, to make it more powerful, but Conservative leaders have so far found it politically expedient

[19] *Ibid.*, p. 14.

[20] McKenzie (*op. cit.*, p. 384) concludes that the Conservative Leader, despite his formal supremacy, rules with the consent of his fellow Conservative politicians, and thus has a position not much different from that of the Labor leader (who is stronger than his formal powers would indicate).

[21] McKenzie, *op. cit.*, p. 226.

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to avoid a head-on clash with Labor on anything that looks like a Lords-versus-people issue. The significant point is that the Conservative conference has not been able to force the hand of the party leadership.

Even in a small matter, a Conservative government may display its independence of the conference's judgment. The point is illustrated by the response to the resolutions of the 1953 conference. Of the thirteen resolutions approved by that conference, only one was sharply controversial. That one urged the Conservative government to liberalize the distribution of "post-war credits" so that these credits (a kind of forced savings accumulated during World War II) would be returned to taxpayers at a lower age level than that provided by existing legislation. Despite a government spokesman's speech in opposition, this resolution received conference approval on a close vote.[22] However, when the Conservative Chancellor of the Exchequer presented his budget to the House of Commons in April 1954, he made it clear that he was not bound by the conference resolution of the preceding autumn. While slightly modifying the distribution of post-war credits, the Chancellor quite deliberately rejected alterations of the type suggested by the Conservative party resolution.[23] This is not to say that the Chancellor and the government failed altogether to take the mass party's wishes into account as influence or pressure, but, acting as the Conservative leadership, they most certainly exercised the power to make the decision themselves.

More surprising than the fact that the National Union, through its conference, does not control Conservative parliamentary policy, is that the Union itself lacks control over some of the most crucial party activities outside of parliament. The Chairman of the Party Organization, who heads what is popularly known as the Conservative central office, and the Vice-Chairman, to whom the important Advisory Committee on Parliamentary Candidates must report, are both direct personal

[22] *73rd Annual Report of the Conservative Conference* (1953), pp. 22–24, 103, 105–6.

[23] 526 *H. C. Deb.* 218–20 (April 6, 1954).

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appointees of the Leader of the parliamentary party.[24] The Party Organization and the National Union are, in fact, closely knit, and the Organization performs services for the latter and for the constituency associations. Although the Conservative party does not publish its financial accounts, it is evident that the central headquarters receives large contributions entirely apart from the associations which compose the National Union. No one has ever suggested that the elaborate and effective activity of the Conservative Central Office, during and between campaigns, is supported by membership dues. And it is only recently that the constituency associations have been urged to raise funds, on a large scale, for central rather than local purposes. In sum, the headquarters staff is not an agency of the mass party but rather of the leadership of the parliamentary party.

The secondary status of the National Union is in no way concealed. Conservative principle stresses this point so heavily, consistent with the party's traditional devotion to leadership, that there is even some danger of incorrectly discounting altogether the influence of the mass organization. Organized followers, in the millions, are never completely taken for granted. Their willing and preferably enthusiastic consent is worth seeking for those who wish to exercise effective party leadership.

Labor Structure in Great Britain

If there has been a tendency to underestimate the influence of the Conservative mass organization, the opposite has been true of commentary on the Labor party. Often credence has been given to Labor's own claim that its mass organization is the policy-maker. The great merit of recent studies is to demonstrate the similarity, in practice if not in profession, of the rôles assigned by Conservatives and by Labor to their external parties. In fact, Labor's mass organization is only slightly less clearly subordinate than is that of the Conservatives.

Labor's structure is complicated by indirect as well as direct individual memberships. In addition to simple recruitment through branches (constituency Labor parties), members are

[24] McKenzie, *op. cit.*, pp. 272–73, 291.

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also obtained by the affiliation of organizations, mainly trade unions, to the party as a whole. A trade unionist becomes an "indirect" member of the Labor party if his union is affiliated and if he registers no dissent from his union's payment to the party of a portion of his dues.[25] The great majority of Labor memberships are indirect. Over five million trade unionists are now affiliated, and the numbers are being increased by the largest unions which before 1955 had affiliated, for reasons of economy, only on the basis of a portion of their total memberships.[26]

On the other hand, Labor's direct membership totals little more than one million—just above one third of the direct Conservative membership. This is large by American standards, but the mass character of the Labor party is impressive in Britain only when the affiliated trade-union membership is counted as part of the total. For most purposes it is reasonable to do so. Certainly the unions, by dues and by other contributions, provide the bulk of the party's financial support.[27] However, the five million or more indirectly affiliated trade unionists, excepting those who are also direct party members, may not fairly be assumed to have made any positive commitment to active participation in party affairs. Union leaders often have such commitments, but that is another matter. This is not to say that unionists are unwillingly affiliated to the party. The bulk of the five million may be Labor voters and many may be supporters, glad enough to contribute six pence a year of their union dues to the party, but even on this assumption the unionist cannot be counted as a participant in the sense that a directly affiliated member is likely to be.

It is the directly affiliated member who attends constituency association meetings. He may also—in fact, he usually does—

[25] The contrast between direct and indirect members is that of Duverger, *op. cit.*, pp. 5–10.

[26] *53rd Annual Report of the Labour Conference* (1954), pp. 10, 36. The recent tendency of unions to increase their affiliations is reported in *The Times* (London), March 5, 1955, p. 6.

[27] *53rd Annual Report of the Labour Conference* (1954), pp. 34–35, 41–47.

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hold a union card as well, but it is not by virtue of this fact that he participates in constituency affairs. However, organization of the Labor constituency association is complicated by the affiliation of local unions who often maintain such a constituency connection in addition to the national Labor party affiliation which their own national union maintains. In some constituencies, unions dominate the General Management Committee on which they, along with the various geographical subunits of the constituency, have representatives. Like the Conservative association's Executive Council, this General Management Committee conducts the affairs of the constituency association. If anything, Labor's General Management Committee is more important than its Conservative counterpart, since the Labor constituency association, as such, does not meet at all. General membership meetings are held at the ward or polling district level.[28]

As among the Conservatives, the representative body, at the constituency level, is the major factor in candidate selection. The General Management Committee, which may have more than 100 members, has a smaller executive committee that receives names, interviews aspirants, and then furnishes a short list of about six potential parliamentary condidates. From this list the General Management Committee makes its selection.[29] Generally it has been thought that Labor's selection process, compared with the Conservatives', is subject to somewhat closer national supervision. This assumption may be derived from the provisions of the Labor party constitution, which do spell out the need for national approval of the local selection,[30] or from publicized attempts of the Labor leadership to prevent constituencies from adopting suspected Communists or fellow travelers. However, in the absence of a systematic study, it is difficult to find any basis for believing that the Labor constituency associations are much more limited

[28] Bulmer-Thomas, *op. cit.*, pp. 137–39.

[29] *Ibid.*, pp. 204–7.

[30] Clause IX, Constitution and Standing Orders of the Labour Party, *53rd Annual Report of the Labour Conference* (1954), pp. 203–10.

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in their candidate-selection process than are the Conservative associations. For example, at the time of the 1955 general election one Labor association chose as its candidate a former M. P. who had been ousted from the party once since World War II and who remained decidedly unorthodox and out of favor with the national leadership. To adopt this maverick, the association rejected a much-respected Labor front-bench spokesman and former minister for whom the national headquarters wanted a new constituency because redistricting had cost the member his old one.[31]

Despite their substantial local authority in candidate selection, Labor associations do not seem much more prone than Conservative associations to employ the adoption procedure as a means of making an M. P. "responsible" to the local mass membership.[32] True enough, a Labor no less than a Conservative association makes some effort, when there is no sitting member, to choose a candidate congenial to the local membership since, at the very least, that membership's loyalty is an important electoral consideration. Sometimes this may even mean a preference for a candidate with local roots although, as is well known, neither British law nor custom requires that a representative live in his constituency. The policy views, as well as the personality, of a prospective candidate may be taken into account. Thus it has recently been observed that those local Labor parties dominated by Bevanites prefer Left-wing candidates, while those more heavily influenced by trade unionists prefer Right-wing candidates. But for sitting members this kind of preference operates only rarely if at all. Thus Attlee-ite M. P.'s continue to be readopted by Bevanite constituency associations, and Bevanites by Attlee-ite associations. Occasionally a Labor association may want an explanation of its M. P.'s position, and perhaps be more open in its displeasure than a Conservative

[31] The candidate selected was K. Zilliacus, who had been readmitted to the Labor party as recently as 1952. The rejected ex-minister was Sir Frank Soskice. *The Times* (London), May 2, 1955, p. 8. At the general election, Zilliacus won the seat (which had been redistricted) by a reduced majority.

[32] British Labor's oligarchical selection process is different from that of the Australian Labor party, which employs a selection ballot distributed to all party members. Overacker, *op. cit.*, p. 85.

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association. But it hardly treats its parliamentary representative as a delegate.

Since, as in the Conservative case, no one contends that the local Labor mass membership makes parliamentary policy through its M. P., it is best to turn to the national organization as such. Here the point must be made at the outset that the direct Labor membership is really a permanent and decided minority. Rank-and-file activists are simply in no position to determine policy. Voting arrangements at Labor's annual conference are illustrative. On the basis of numbers of members, the unions have nearly five times as many votes as the representatives of the local Labor parties.[33] Although it ought to be noted that the unions as such do not necessarily stand against the local parties as such, there is little doubt where the power is located in the event of a showdown. This power is made all the more effective because of each union's practice of voting its membership as a bloc. The largest single union, for example, now has a bloc of one million votes to commit one way or another on any given issue. All that is ordinarily necessary is that the union's delegates to the party conference reach agreement on which way they want their bloc to be voted. On some issues delegates may be instructed in advance by their own union conference, in which the union's leadership plays a principal part.

The British trade-union structure is such that three or four large unions, if agreed among themselves, have very nearly a working majority in the party conference. And, in fact, they are generally in sufficient agreement to ensure control. There is little dispute that the practical effect has been to concentrate conference decision-making in the hands of the leaders of a few large, hierarchically ordered trade unions, who ordinarily work closely with the leadership of the parliamentary party. Consequently, even if it is argued that the Labor conference makes party policy, it would be entirely unrealistic to impute power to the rank-and-file activists.

Moreover it is doubtful that the conference is a policy-maker except in an extremely loose sense of that term. Policy is

[33] *53rd Annual Report of the Labour Conference* (1954), p. 64.

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surely discussed at Labor conferences, and with much greater controversy and fervor than at Conservative conferences. But this is not to say that parliamentary policy is made by party conferences, despite the apparent belief of delegates in the efficacy of their many resolutions. Delegates may be encouraged by the fact that Labor's technical arrangements for handling resolutions, unlike Conservative conference arrangements, are at least compatible in appearance with the practice of intra-party democracy. Voting is in accordance with the membership of each unit represented, and the system under which each unit (local party, union, and so on) casts a ballot containing its total membership is a simple and efficient way of establishing results on controversial issues. Also Labor authorizes a somewhat less unmanageable number of delegates to attend its conference. Still the number comes to about 1,300,[34] which, while but one fourth of the Conservative potential, is obviously too large for deliberation during the three or four days of meetings.

The belief in the Labor conference as a policy-maker is ordinarily derived from the ostensible power of the conference to determine the content of the party's election manifesto. Such a power, if real, would be significant since British parties are ordinarily expected to take their election commitments seriously. However, the power is hedged in a number of ways. A two-thirds conference vote is required in favor of any proposal before it is included in the party's official program. More important is the fact that the party leaders are specifically given the authority to decide which items from this program are to be included in the election manifesto and also to define the party's official attitude on other issues not covered by the manifesto.[35] Then, finally, there is the fact that the parliamentary Labor party retains the all-important decision as to "timing". Labor's parliamentary leadership, especially when it constitutes the cabinet, can always decide that the occasion is unpropitious for measures previously included in the election manifesto.

[34] McKenzie, *op. cit.*, p. 488.

[35] Clause V, Constitution and Standing Orders of the Labour Party, *53rd Annual Report of the Labour Conference* (1954), pp. 203–10.

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Such a course, if frequently followed, would provide the Labor rank and file with some sense of grievance. But the course is seldom necessary. So long as the alliance between the parliamentary leadership and the dominant trade unions remains firm, there are not likely to be many occasions for the conference to adopt resolutions without the leadership's endorsement. Ignoring Labor conference decisions, as one observer has remarked, is done "in the last resort."[36]

The exceptional occasion, however, may be illuminating with respect to the subordinate rôle of the conference. A much-cited example is the tied-cottage issue. Although the issue has not been of great moment, it commanded the Labor conference's attention on more than one occasion. There has been a genuine rank-and-file desire to secure governmental action against the landowner's practice of renting his cottages to farm laborers only so long as they remain in the landowner's employment. Eviction on termination of employment seemed especially offensive in light of Britain's general policy of protecting tenants against landlords during the post-war housing shortage. On two occasions during the Labor government's tenure, the party conference approved resolutions urging legislation which would abolish the tied-cottage system. Both times the resolutions were carried over the objections of the party leadership. No less a spokesman than the Minister of Health, then Aneurin Bevan (ordinarily the favorite of the rank and file), attempted to dissuade the conference from trying to commit the government to legislation. Without defending the tied cottage, Bevan argued that it was "impossible for the Conference not knowing the Parliamentary situation to determine the Parliamentary time table. All the Conference can do is to record its views on principles, and ask that they be implemented at the earliest possible moment."[37]

That statement was made in 1947, but at the 1948 conference ("the earliest possible moment" not yet having arrived) Bevan had again to oppose unsuccessfully a tied-cottage resolution.

[36] Bulmer-Thomas, *op. cit.*, p. 201.

[37] *46th Annual Report of the Labour Conference* (1947), p. 127.

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This time his words provide an unusually revealing statement of the conference's subordination to the parliamentary party:

> What we are concerned about this morning is not whether tied cottages should exist or not, but when it is appropriate for us to deal with them. Last year the Conference was told that it ought not try to decide the Parliamentary time table. It is quite impossible for a conference of 1,100 people, even if it were constitutionally proper, to determine the order in which the Parliamentary Labour Party and the Government introduces legislation into the House of Commons. It is for the Conference to lay down the policies of the Parliamentary Party, and for the Parliamentary Party to interpret those policies in the light of the Parliamentary system. Any other procedure would merely confuse the whole situation.[38]

Although Labor remained in power three more years after the second conference resolution, the parliamentary leadership never did find the time "appropriate" for abolishing the tied cottage. Nor did the leadership allow itself to be committed to conference policy in Labor's 1951 election manifesto. Only a pledge to stop the creation of new tied cottages was included in the manifesto.[39] It was not surprising, then, that the 1952 conference adopted another resolution urging the next Labor government to a more radical reform.[40] And, judging by the record, it would be no more surprising if another Labor government failed to find the proper time for such legislation.

This procedure has its embarrassments, particularly for the leader who must explain the government's inaction to successive conferences. It is safe to say that on issues of broader appeal, in order to avoid similar but larger embarrassments, the party leadership would make the effort necessary to produce a conference majority for its point of view. On the big issues, like foreign policy and rearmament, this has been the pattern in the pre-war and post-war periods.[41]

[38] *47th Annual Report of the Labour Conference* (1948), p. 214.

[39] Labour Party, *Election Manifesto*, 1951.

[40] *51st Annual Report of the Labour Conference* (1952), pp. 178–79.

[41] See my account of the foreign policy and rearmament debates in chapters vii and xi of *Britain—Uneasy Ally* (Chicago, 1954).

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While the secondary rôle of the Labor conference seems clear, it is sometimes urged that the party's National Executive Committee effectively represents the mass organization's authority over the parliamentary party. If the conference itself cannot make policy, it is suggested that the National Executive can do so in behalf of the conference. The point deserves close examination. The National Executive contains twenty-eight members elected by the conference in such a way that the largest trade unions can and do obtain a majority for themselves and their friends. The leader and deputy leader of the parliamentary party are, ex officio, among the twenty-eight members.[42] There is no doubt whatsoever that the National Executive is granted real powers over finances, campaigns, and policy statements. The headquarters' functions, which the Conservative party places under the personal direction of the parliamentary leader, are definitely located by Labor under its National Executive, the arm of the external organization.

However, this does not mean that the National Executive really makes the policy of the parliamentary party. Rather the National Executive tends to reflect the policies of the parliamentary party. This is accomplished, in part, by the fact that the National Executive regularly contains important Labor M. P.'s in addition to the leader and deputy leader. Their crucial rôle in the National Executive's policy-making has been amply demonstrated.[43] Of course, the parliamentary leadership does need trade-union support in order to win adoption of its policies by the National Executive. That is the prime requisite, in any event, for Labor party leadership. But this necessity does not negate the point that policy comes from the parliamentary party to the National Executive, which in turn presents the policy to the party conference. This is clearest when the matter is of greatest importance: during the tenure of a Labor government.

Until 1945 there was some excuse, stemming from Labor's

[42] *53rd Annual Report of the Labour Conference* (1954), pp. 203–10. Various activities of the Executive are described on pp. 5–12.

[43] McKenzie, *op. cit.*, pp. 418–22.

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official vagueness, for misunderstanding the power of the National Executive. However, the Attlee-Laski episode during the 1945 election campaign did much to clarify the Executive's relationship to the parliamentary leadership. At that time, Harold Laski, as chairman of the Executive, issued a statement which sought to limit the rôle of Clement Attlee during his attendance, with Prime Minister Churchill, at the Potsdam conference. Attlee was then the leader of the parliamentary Labor party and, as such, the prospective prime minister if Labor won the election then taking place. Attlee repudiated the rôle of observer in which Laski wanted to cast him, but nevertheless Laski's statement became an election issue. Churchill and the Conservatives chose to make it so, apparently on the ground that any suspicion of external dictation to parliamentary leadership would hurt the Labor party's chances among British voters. Churchill's charges caused Attlee to put the relationship in definitive form. He explicitly denied that the parliamentary Labor party was answerable to, or under the direction of, the National Executive Committee. While Attlee pointed out that the parliamentary leadership consulted with the Executive, he asserted that no instructions emerged, or could emerge, from these consultations.[44] Since 1945, even among critics of the Labor party, the charge of external dictation has not been seriously raised.

The National Executive, though in a stronger position than the party conference, cannot be viewed as an agency of articulation through which the mass membership determines party policy. Originally both the Executive and the conference were probably intended for some such purpose. What was wanted, in Labor's early days, was a means of ensuring that parliamentary representatives would be loyal to the mass movement. Historically the founders of the Labor party were not, like the Conservatives, trying to create a service agency for the parliamentary leadership. Rather the early Labor leaders were

[44] One of the best accounts of the Attlee-Laski affair is that of Herbert Morrison, *Government and Parliament* (London, 1954), pp. 140–44. See also Clement Attlee, *As It Happened* (London, 1954), pp. 138, 145; and Kingsley Martin, *Harold Laski* (New York, 1953), pp. 159–63.

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following the formula of socialist and working-class movements elsewhere. In other words, they meant to establish a mass organization which, on the basis of intra-party democracy, would make decisions for parliamentary representatives to carry out. The Labor party thus began in the manner which Duverger regards as normal for modern socialist parties. The fact that Labor's practice now resembles that of the Conservatives appears to be the result of the strength of the British parliamentary tradition and particularly of Labor's experience as a responsible governing party—an experience mainly denied to continental socialist parties.

General Import

Although the main object has been to demonstrate the secondary status of the mass parties, enough has been said to indicate that neither the Conservative nor the Labor organization is an entirely negligible factor in British politics. If the Labor membership is less potent than it is sometimes thought to be, the Conservative membership (even if less important than Labor's) may be underrated. But in both cases, the mass membership is no more than one of several influences, and probably not the dominant one, in making legislative policy.

It is easy to understand why the parliamentary leaders prefer this situation to one in which they would be directly responsible to their respective party members. For the leaders to allow their policies to be settled by party members, or by any organ representative of party members, would be to risk a loss of votes in the nation at large. Rank-and-file activists are assumed to favor more extreme measures (to the right among Conservatives and to the left among Laborites) than do nonaffiliated voters, especially the all-important marginal or swing voters. The very attitudes which produce the sacrifice and devotion of volunteer workers indicate an intensity of conviction which the bulk of the population does not share. Furthermore the fervor of the rank-and-file activist is unmodified by the same practical vote-getting considerations which affect those who seek public office under the party label. Over and over the mass memberships of both parties may be observed to favor resolutions of dubious popularity in the nation at large and

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thus unacceptable to the parliamentary leaders. The ideological zeal of the activists is countered by those whose antennae are tuned to middle-of-the-road voters.

Much the same observation has been made of parties elsewhere. Writing particularly of the French socialists, Duverger put the point succinctly: "The militants are more revolutionary than the electors, who are scarcely revolutionary at all. And the deputies are naturally more prone to follow the electors than the militants."[45] Similarly Philip Williams, in his excellent work on French parties, has written of the inevitable difference of outlook between the member of parliament and the militant in the country at large.[46] The French term "militant" seems especially appropriate because it is the militancy of the rank-and-file activist which sets his type apart from the less thoroughly committed voter. It would be a mistake to believe that the militant is peculiar to parties of the Left. Observation of British Conservatives, assembled in conference, discloses essentially the same type as the socialist militant. The Conservative militant, instead of pressing for nationalization and welfare measures, urges that his party lower taxes and reduce public expenditures, often below the point of political feasibility.

What needs to be emphasized is that Conservative and Labor practices differ mainly in their methods of avoiding responsibility to the mass memberships. The Conservative leadership can depend largely on its followers appreciating their own limited rôle in accord with the party's élitist tradition. Labor leaders can count on no such thing but must contend with the antithetical tradition of intra-party democracy on which their party was founded. However, the principle of loyalty to established leadership is cherished within the labor movement, and the party shares with the rest of the community an appreciation of the British system of responsibility to parliament. Thus the leadership is not without strong arguments in seeking to maintain its policy against rank-and-file pressure. Post-war party history testifies to the strength of the leadership's position. Yet much of this strength rests upon the fact that the external organization's approval can, in fact, be secured without the

[45] Duverger, *op. cit.*, p. 192. [46] Williams, *op. cit.*, pp. 367–68.

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support of the directly affiliated membership. Unlike the Conservative situation, a majority may be secured in the Labor conference without the support of rank-and-file activists. The militants may be outvoted by the big battalions of the trade unions.

Except by the militants themselves, the effective British party restraints on militancy are ordinarily viewed as socially desirable on the ground that moderate rather than extreme alternatives are thus presented to the voters.[47] By leaving policy-making to politicians seeking office at the national level, it is believed that British parties reduce the ideological gulf which would, if the zealots took the lead, so substantially divide the country as to make it hard for the defeated party to accept the government of the victor. This point bears directly on the American advocacy of greater party responsibility. There is no doubt that this advocacy is derived from the larger aim of having American parties adopt more clear-cut and distinguishable policy alternatives. Responsibility to some kind of party membership is thus often viewed as a means to an end. Probably the means is well calculated to achieve the ideological division the reformers desire. But the British experience cannot very well be invoked as precedent. For what both the Conservative and the Labor party leaders do is to avoid the means—that is, avoid "responsibility" to their memberships—because they prefer to appeal to middle-of-the-road voters rather than to achieve the goal of clear-cut ideological alternatives between their parties.

In other words, the existence of mass parties cannot account for the "responsibility" which British parliamentary leaders are commonly supposed to display in the enactment of campaign promises. These promises are really designed for the electorate (though, of course, they may also represent the wishes of the membership), and it is primarily to the electorate that the leadership remains responsible. Thus it is difficult to appreciate just why and how British mass parties represent an advanced form of democratic expression. Even if they did exercise more power, so that they dominated parliamentary leaders, the "democracy" of the situation would be dubious. It is by no

[47] Butler, "American Myths About British Parties", *loc. cit.*, p. 56.

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means plain that the will of the people would be better served by having a few million party zealots, readily given to extreme ideological positions, determining national policies. And it might be guessed that American mass parties, if they existed, would be more difficult to "keep in their place" in the manner of their British counterparts. The United States, as is often observed, does not have the aristocratic tradition which makes for the relatively ready deference to leadership characterizing British mass parties.[48]

Although British mass memberships do sometimes constitute embarrassingly strong pressures on the party leaders, nevertheless the organizations are very much worth the trouble their pressures may cause. This is not so much because members pay modest dues, but more importantly because the members do so much of the work necessary to get out the vote. The latter is no mean chore in British politics. From the electoral registers, each constituency party canvasses its own likely or potential voters, and it does this canvassing by personal interview (often more than once during a given campaign). In a marginal seat, where every vote counts, the canvassing is likely to include intensive follow-up activity to make sure that all of a party's voters get to the polls.[49] This kind of thoroughness, even if directed by a paid professional, requires many volunteers from among party members.

Perhaps it might be contended that this rank-and-file activism is a symptom of the "modernness" of British mass parties. If so, American parties would appear, by comparison, not merely backward but retrograde. Intensive organization efforts to get out a party's vote were more prevalent in American cities a few decades ago than they are today. However, British canvassing does not seem a necessarily modern political feature. In a way, volunteer electioneering in Great Britain is filling a

[48] Samuel H. Beer touched on a similar point when, in reviewing Duverger's work, he asked: "Can American parties be understood apart from the pervasive 'liberal' values of our society and its lack of a feudal tradition?" Les Partis Politiques", *Western Political Quarterly*, vol. VI, p. 517 (September 1953).

[49] A full account of all the work that went into saving the marginal Labor seat of Reading has been written by the constituency's M. P., Ian Mikardo, *Tribune*, June 3, 1955, p. 5.

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gap created by the law and custom which effectively prevent large-scale expenditures during a campaign. Unlike American practice, British legal limitations for each parliamentary constituency are rigidly enforced. And, in addition to the law, British expenditure is undoubtedly restrained by general environmental inhibitions. To the British there might be something unseemly about political advertising on the lavish American scale. It is doubtful whether the British economy has the surplus wealth to support so easily the level of American campaign expenditure. What is available, more cheaply than in the United States, is manpower, and that is abundantly used in getting out the vote. Otherwise a British campaign is a subdued affair. Radio and television, for example, are used only sparingly and without charge. In the 1955 general election campaign, each major party was granted time for four appearances on the radio and three on television.

What this suggests, in camparison to the increasingly expensive public-relations style of American campaigning, is that the activism of British mass parties represents an adjustment to different, but no more modern, circumstances than those of the United States. It could even be argued that the American style is really more up-to-date. However, there is no sign that British parties, despite an increasing need for funds,[50] are reducing the rôle played by their activists, in favor of other means of reaching the voters. Rather, mass memberships have been increasing and performing more political services, despite the growth of mass media of communication.

This phenomenon of thriving British party memberships relative to American parties remains something of a puzzle. Surely the fact that American parties do not have quite the same need for activists does not seem to offer a complete explanation. Americans, after all, are supposed to be a nation of joiners, and it seems odd that so few should join political parties of their choice. Still it may be membership in so many other American organizations which saps the time and energy that might other-

[50] Constituency Labor parties have lately been trying to raise money by conducting lotteries on a large scale. Mark Arnold-Forster, "The Future of Labour", *Manchester Guardian Weekly*, February 3, 1955, p. 7.

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wise go into party activity. In particular, Americans may find a convenient and effective outlet for political desires and interests through membership in some kind of nonparty pressure group. Activity in the American Legion, the League of Women Voters, the Farm Bureau, the Chamber of Commerce, or a union unquestionably serves many Americans, materially and psychologically, as party membership does for many Englishmen. Now it is often suggested that this is one of the things wrong with politics in the United States, and that Americans should channelize more of their political activity through party membership. But it is not really an easy matter to convince Americans that they could express their political desires more effectively in a mass-membership party. Surely there is nothing in the British experience that would be very convincing on this score. On the contrary, on the basis of that experience, one can believe it possible that the individual British party member's interest is less likely to command attention than is that of the American who remains outside a party and waits to see what each party offers his interest-group.

At any rate, it would be entirely arbitrary to say that one form of political participation is modern and the other is not. In fact, the burden of this study is that there is really no reasonable sense in which the British mass party, compared to the American "cadre" party, can be considered a modern prototype. Yet, Duverger, and probably the other political scientists who accept his perspective, do have an elaborate argument in support of the view that mass membership is a distinctively modern phenomenon. The argument is related to Duverger's statement, noted earlier, that mass membership resulted from the growth of socialist movements. The supposed backwardness of American party organization is conceived as part and parcel of the general backwardness of America in not having a large socialist party. As Duverger states: "The archaic organization of American parties thus seems the consequence of the essential conservatism of American politics, in the European sense of the term."[51] What he means, of course, is the absence of a European class consciousness.

[51] Duverger, *op. cit.*, p. 23.

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It is here that one reaches a basic assumption of those students of comparative politics who take European parties and particularly British parties as the norm for American parties. What they are really saying is that it is normal for a class-conscious socialist party to develop, to acquire a large dues-paying membership, and then to influence the method of organization employed by nonsocialist parties. It is reasonable to doubt the assumption that this process is normal in the sense that it may be applied as a standard by which to measure American parties. The growth of mass parties in Europe may possibly be explained as the consequence of a socialist response to class consciousness—although British mass organizations preceded socialist efforts. But even if it be conceded that European experience supports Duverger's interpretation, the very absence of that experience in the United States casts prima-facie doubt on the general validity of the thesis. American society cannot very well be assumed to be backward simply because it has not produced the requisite class consciousness for the creation of a mass-membership socialist party. In no demonstrable economic sense is the United States less highly developed industrially than were European countries when their socialist movements began. The very suggestion is ludicrous.

It seems entirely unreasonable to contend that the American economy has failed to produce political class consciousness because that economy is somehow behind European developments. It would be easier, in fact, to argue the other way around and to say that there is less class consciousness in the United States because the American economy is more advanced than that of Europe. But it is enough, for present purposes, to say that the American situation is simply different. Neither European nor American circumstances have to be posited as a norm.

Much the same point may be scored if the mass-membership factor is considered to be the result of some kind of political maturity. Whatever may be said on the subject of greater European, and especially British, political experience, none of the historical evidence really relates to mass participation. Americans did secure the universal franchise well ahead of

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Europeans, and specifically a half-century or so ahead of the British working classes. Rather than being less-advanced participants in democratic politics, rank-and-file Americans must be viewed as more highly experienced in their employment of electoral processes. The form of American parties can hardly be attributed to any objectively determined political immaturity on the part of the American masses.

The various strained attempts to explain American parties in terms of some kind of social backwardness or immaturity can be avoided altogether if one rejects the assumption that our parties are "underdeveloped" in relation to those of Europe in general and Britain in particular. Among other things, this would involve giving up the idea that British mass parties are models which Americans should follow in order to be modern.

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REVIEWS

Grand Inquest: The Story of Congressional Investigations. By TELFORD TAYLOR. New York, Simon and Schuster, 1955.—xvii, 358 pp. $4.50.

This volume is part of a useful and growing literature for the general reader protesting the excesses of recent legislative investigations. In a treatment which is balanced but not detached, solidly documented but gracefully phrased, Mr. Taylor searches the American and, more slightly, the British history of legislative investigations to explain and prescribe for current abuses.

He sees an "immediate and major cause of the internal crisis of confidence" in the loyalty investigation, a device "relatively new" in that it has been captured by a nationalist, nativist clique in whose hands it has become a weapon in a "cold civil war", an instrument of "outlawry" used against relatively obscure people as well as those in places of power and prestige. He attacks the conception of the investigative power as substantially unlimited, pointing in somewhat didactic manner to the rôle a president can play in preventing usurpation of executive functions and reviewing the *Rumely*, *Josephson*, *Barsky*, and related court cases not only to defend the reality of First Amendment limitations on investigations but also to illustrate the courts' fumbling for a viable test of such limits without abandoning the dominant doctrine of judicial self-restraint. He criticizes, and cogently, the Court's tendency to vacate its interest in protecting "privacy", and in this connection he denounces what he calls "the identification theory of investigative power." (In the words of Judge Prettyman: "If Congress has the power to inquire into the subjects of Communism and the Communist Party, it has the power to *identify* the individuals who believe in Communism and those who belong to the party.") He sees as the major flaw in this "theory" the fact that it has no limits this side of an inquisition and suggests the elements of an alternative theory, based on the Hand and Vinson opinions in the *Dennis* case, urging in effect that the courts should be more insistent upon a showing that the "gravity of the evil" warrants the extent of invasion of privacy.

In a skillfully written chapter he analyzes the development of the privilege against self-incrimination and discusses the use and abuse of the privilege by both committees and witnesses. Acknowledging that the

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use of the privilege indicates the existence of "an unresolved question", he demonstrates that the implications of the phrase "Fifth Amendment Communist" and its more genteel equivalents are "a monstrous perversion of history, logic, law, and fact" and argues forcefully against automatic action, except in a few types of cases, against those who invoke it. Particular exception is taken to the "wretched funking" of those elements of the bar who advocate disbarment of lawyers who so plead.

Discussing the mechanics of investigations, he points out the problems created by vagueness in resolutions of authorization, the pitiful situation of the witness who cannot learn his rights except at risk of a jail sentence, the abuse of "secret" proceedings, and television coverage of hearings. He is skeptical of elaborate codes, preferring a few reforms: guaranteeing the rights to assistance of counsel, to reasonable notice, to make a public statement, and to examine the record; repealing the blanket subpoena power of Senate committees; and providing a statutory means without immediate risk of imprisonment for challenging before the courts the committees' power to compel responses.

In a closing chapter on "The Cold Civil War" he effectively argues that the loyalty investigations through which these hostilities have been carried on have, on balance, weakened the United States in the "international cold war", and he quite properly allocates a share of responsibility to those in important positions who have been too timid to protest. The book includes three appendixes: one a discussion of British investigative practices; a second on the weaknesses of the new federal "immunity" statute; and a third on the history of outlawry.

The book leaves little room for criticism, as distinguished from difference of opinion, except on two or three points. First, although Mr. Taylor criticizes the view that the investigative power is unlimited, he never quite disposes of the difficulty of keeping investigations "within the sphere of Congressional responsibility" in the light of the trend of constitutional interpretation since 1937 and particularly following the *Dennis* case. It is hard to reconcile his plea for the judicial protection of privacy with his admission in another connection that today "it is easy to devise plausible arguments that almost any subject of inquiry bears a relation to some recognized federal power" (p. 225). Second, although he sees his problem in a large context, he indulges in the characteristic tendency of the lawyer to place political and legal analysis on an equal footing or even to subordinate the former to the latter. Thus, in ten brilliant pages (173–83) he suggests that politically and psychologically the loyalty investigations satisfy a widespread demand for a means of punishment of distrusted individuals for past behavior which legal rules and procedures cannot reach, and elsewhere (p. 248) he states

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that "the public character of legislative inquiries . . . is no superficial appendage, but highly functional." Yet he does not directly face the fact that the "informing function" of investigations almost invariably is more a matter of public information or propaganda and, therefore, of extralegal punishment than one of providing the legislature with technical aid. Similarly, in comparing British and American practices, he tends to ignore differences in political as distinguished from legal governmental structure, with the result that his analysis tends to be excessively formal. Third, and perhaps in consequence, though he admits there is substance to the assertion that "the current excesses . . . are facilitated by the unqualified support given to the New Deal investigations by the liberals" (p. 82), he handles the political implications of these successive ox-gorings rather superficially and even makes the statement, shocking from the pen of a dedicated lawyer, that "the financial, industrial and other magnates who were the objects of Congressional scrutiny in the twenties and thirties did not lack for 'conservative' lawyers to represent them before the committees or to denounce the investigations in print" (p. 82). These are relatively minor deficiencies, however, in a readable and thoughtful volume.

David B. Truman

Columbia University

The New American Right. Edited by Daniel Bell. New York, Criterion Books, 1955.—xii, 239 pp. $4.00.

The seven essays that comprise this volume display, in the words of Daniel Bell, "a remarkable convergence in point of view" even though they "appeared about the same time, and quite independently." Since the authors were mutually indebted and shared common assumptions, their agreement on the origins and nature of the "new Right" is hardly coincidental, but their collective efforts offer a provocative and convincing diagnosis of the McCarthyite mentality and the conditions that foster it.

The "new Right" is a loose and curious alliance: the *nouveau riche*, ascending the social ladder but still uncertain of his status; the impoverished and déclassé "old family" Americans; the small business men, hostile to labor and Big Business; the recent immigrant seeking community acceptance by exhibiting a brand of super-patriotism; and the ever-present "nightshirt" fringe. All of the seven contributors (Daniel Bell, Richard Hofstadter, Nathan Glazer, Peter Viereck, Talcott Parsons, David Riesman, and Seymour M. Lipset) are agreed that the xenophobia, anti-intellectualism, and political bigotry exhaled by the new American Right derive less from economic resentments than from its uncertain

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and threatened status. Movements of this kind (like the Know-Nothings, the A.P.A. and the K.K.K.) emerge during prosperous times when social mobility—upwards and downwards—is accelerated.

Thus McCarthyism is "a relatively acute symptom of the strains which accompany a major change in the situation and structure of American society" (Parsons). It coincides with the shift of the national economic center from East to West and the recrudescence of old Populist hostility to Eastern finance and culture. In the areas of new wealth (the Middle West, Texas, Southern California) the economic and social philosophy of the New Deal is particularly obnoxious to the new rich who, unlike the conservative Eastern élite, are resolutely opposed to the income tax, labor, and the welfare state. The "pseudo-conservatives" have discovered a convenient and vulnerable scapegoat in the Ivy League intellectual, liberal and international-minded. He and his kind must bear the onus of betraying America to communism, first by spawning "creeping socialism", a prelude to totalitarianism, and second by involving the nation in World War II.

The ambiguity surrounding the "radical Right" is partly explained by its very negativism and by the curious diversity of its membership. Lacking a program, moved by anxieties hardly comprehended, the pseudo conservatives fall back on *laissez faire* and isolationism. Significantly, the new Right is not overtly anti-Negro, anti-Catholic, anti-Jew, or anti-immigrant. Rather it is an uneasy coalition of ethnic, religious and occupational opposites sharing a similar mental framework and a few common aspirations. Generally speaking, the McCarthyite rank and file are frustrated authoritarians, semi-educated and prejudice-ridden. Increasing international tensions and the past failure of the intellectuals to discern the true nature of communism provide some justification for their apprehensions, but their indiscriminate hostility to civil liberties, the United Nations, Harvard University, etc., is the paranoiac response to "status insecurity".

None of the contributors believes that this "revolt of the masses" can permanently disrupt the American system. Anti-communism is too limited an issue to attract mass support, and religious, ethnic and occupational loyalties act centrifugally and are ultimately divisive. Public opinion polls, moreover, disclose that the most benighted citizenry are the least active politically. But the essayists do not minimize the damage the "radical Right" has already inflicted by separating the intellectuals from the working classes, by forcing normally liberal public servants into meanly pragmatic and opportunistic courses, and by weakening respect for constitutional guarantees and minority rights. Should the "cold war" be indefinitely prolonged, should the new American Right

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win sufficient popular support and sizable financial aid, then, as Hofstadter bleakly concludes, "the rational pursuit of our well-being and safety would become impossible."

DANIEL AARON

SMITH COLLEGE

The Dollar Decade: Business Ideas in the 1920's. By JAMES W. PROTHRO. Baton Rouge, Louisiana State University Press, 1954.—xxi, 256 pp. $4.75.

Mr. Prothro's useful book, which deserves the attention of business men as well as scholars, provides a careful statement of the major themes of American business thought in the 1920's, as they are found chiefly in the columns of *Nation's Business* and in statements by leaders of the National Association of Manufacturers. The leading ideas are as follows: Work is a cardinal value; leisure is nothing but idleness, at least when enjoyed by the masses, among whom it leads to mischief and unhappiness. Among the minority of able and talented men, however, it is a tolerable indulgence. These successful men gain success because of their talents and energies. It is the personal mediocrity and limitations of character among the mass of men that lead to failure. Material goods and materialist standards are good standards. Babbitt has been much maligned by writers who themselves really want the same things he wants. Self-interest is a legitimate and valuable motive because it leads to achievement, which benefits everyone. On the other hand, business is not merely self-interested, because it also has a code of service. Business is the most successful and useful element in society; government should be subordinated to business in the direction of affairs, and where possible should model itself on business standards. There is a natural harmony of interests in society; what is good for business is good for everyone else. Government is a necessary evil. It should be limited as much as possible. Its legitimate functions are largely negative ones: to keep order, to prevent crime, to protect liberty and property. Severe critics of the *status quo* should be deported or jailed. Taxes should be kept low, and the poorer orders of society should bear a substantial part of them in order that they may understand the importance of economy and have a sense of responsibility. Activities of the federal government on behalf of business are legitimate and should not be curtailed. But strikes should be controlled, prevented, or punished. The political process is inferior to business processes; politicians are usually demagogues and obstructive men who tend to incite the public to unreasonable expectations. The judiciary is the best arm of the government, because it is independent of popular pressure and serves as a barrier to popular rule.

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Although politicians generally are an unsavory lot, there are signs of hope abroad, for Mussolini's methods are "essentially those of successful business. Executive action; deeds, not words . . . he is a fine type of business executive." Later in the decade, however, there is some disillusionment about the Italian dictator.

The crudeness and smugness of business thought in this period stand out in Mr. Prothro's survey. The author believes that "the most pressing need of American politics is an effective and responsible theory of interests, concerned with protecting the rights of individuality in the humane as well as the economic sense. . . . This theory has little hope of developing so long as business is allowed to speak for conservatism at large unless business leadership shows a new awareness of the needs and aspirations of twentieth-century America." But it is hard to believe that the experience of adversity, political and economic, since 1929 has not introduced a note of humility, caution and moderation into business thinking today of the sort that was conspicuously lacking among Mr. Prothro's subjects. Although some aspects of the business theory of the 1920's still have much currency among business men, it seems doubtful that the same supercilious attitude toward mass leisure prevails today, now that mass leisure itself has become such an important part of our business system. Or that labor unions would be so peremptorily and harshly dismissed. Or that dissenters are judged so intolerantly. (We have, indeed, evidence from Samuel Stouffer's recent study of conformity and civil liberties that business leaders today are more tolerant in this sphere than the public at large.) The most simplistic aspects of what Mr. Prothro portrays as representative business thinking in the 1920's seem now to be common currency only among the crankier minority of the business community. This volume can be taken as a commentary on the limitations of the business mind of the 1920's, but, perhaps more fairly, as evidence that, like the rest of society, the business community does sometimes learn from experience.

RICHARD HOFSTADTER

COLUMBIA UNIVERSITY

Woodrow Wilson and the Balance of Power. By EDWARD H. BUEHRIG. Bloomington, Indiana University Press, 1955.—x, 325 pp. $5.00.

The continued interest in Woodrow Wilson's foreign policy dilemma of 1914–17 is intrinsically an important historical fact. Not only do our current problems, of themselves, help to sustain this interest, but Wilsonism is the foil for today's fashionable hostility to idealism. In this book Edward

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H. Buehrig, professor of government at Indiana University, is presenting a thesis that unintentionally will strengthen cynics to whom Wilson has never been a conceivable person. This work defends the position that "Wilson's whole policy of peace without victory" was a recognition of "the balance of power point of view: namely, that stability is to be found in an equilibrium of forces no less than in moral excellence." In order to achieve this stability in the face of inert public opinion, Buehrig declares, Wilson "whether consciously or not" dramatized America's purposes by using not the language of power politics but "expressions of hope, pride, and sentiment. Thus the league was depicted in a fashion reflecting the very isolationism to which it was the supposed antithesis."

Buehrig's interpretation is intriguing because at one stroke the "Wilson Problem" is solved and the tormenting questions about America's stand in 1914–17 are all answered immediately. The difficulty with it is that it suggests at least two things which Wilson's career does not substantiate: artfulness, and an ability to step outside the rôle of Progressive politician. The first would have to subsume the idea that Wilson understood clearly, from 1914 on, the dangers that the war—regardless of which side should win—presented to American interests. The second would have to be based on the notion that Wilson's Progressive rhetoric was only window dressing.

Buehrig's evidence that Wilson understood the balance-of-power viewpoint includes such things as the President's remark to his cabinet that the elimination of Prussian militarism "might mean the disintegration of German power and the destruction of the German nation," a similar statement he made to Frank Cobb early in April of 1917, and a phrase he "concealed" in his "Peace Without Victory" address to the Senate on January 22, 1917. Even if these utterances are taken for what they appear to be, they still do not show that Wilson was appraising the war for the effects its outcome would have on the power position of the United States. There is no evidence here, for example, that Wilson ever made his own the balance-of-power arguments that Lewis Einstein set forth in 1913 in his important article, "The United States and Anglo-German Rivalry".

There are other indications that Wilson's conduct of foreign policy did not sufficiently take cognizance of the balance-of-power conception: the slowness with which he accepted preparedness (coming to it just in time to prevent the Republicans from making it an issue in 1916), his "a plague on both your houses" comment of December 1916, his silent acquiescence in the Japanese seizure of the German Pacific Islands, his failure to remember the Secret Treaties, his inability to sympathize with the *Realpolitik* of Clemenceau at Versailles.

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Buehrig's research has been conducted entirely in printed works. His exploration of these materials has been thorough, and out of it comes a remarkably vivid impression of the agonies involved in the formulation of foreign policy. Most students will find nothing new here, though, except the conclusion. That conclusion confronts the reader with the necessity of dividing into "appearances" and "realities" his understanding of Wilson's foreign policy. It is perhaps indecent to recall here that Charles Beard's attempt to analyze Franklin Roosevelt's foreign policy on this basis was, if nothing else, a methodological failure. Although Buehrig's book adds little to our knowledge of Wilson, it tells us a great deal about our own day when a book so sympathetic to the man is concerned with defending him, as the jacket promises, "against charges that he was wholly the idealist."

HENRY F. GRAFF

COLUMBIA UNIVERSITY

The Passing of American Neutrality, 1937–1941. By DONALD F. DRUMMOND. Ann Arbor, The University of Michigan Press, London, Oxford University Press, 1955.—vi, 409 pp. $7.50.

In this new study of the American diplomatic record between 1937 and 1941, which is a revised doctoral dissertation prepared at the University of Michigan, Professor Drummond has compiled a straightforward, largely factual, extensively documented account of what his title explicitly calls "the passing of American neutrality". It is a workmanlike job but there are no disclosures of significant new material and no real consideration of recent revisionist theories of how the United States became involved in war. The pattern of the narrative is strictly chronological, with somewhat confusing shifts of scene between the Atlantic area of conflict and the Pacific, and a rather pedantic style further minimizes any sense of drama in the momentous developments that are recorded.

Professor Drummond has relatively little to say about the underlying forces accounting for the gradual evolution of American policy from strict neutrality to acceptance of the imperative need to prevent an Axis victory in spite of his stated objective to consider "such imponderables as the growth of public opinion and the force of executive resolve." There are, for example, only the briefest discussion of the election of 1940, a mere passing reference to the America First Committee, and little more on the Committee to Defend America by Aiding the Allies. While there are rather frequent citations of public opinion polls, the interrelationship between domestic and foreign policy is largely ignored.

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Such a study inevitably invites comparison with Professors Langer and Gleason's two-volume work covering the same period. This is not entirely fair to Professor Drummond, for he obviously did not command the resources of Professors Langer and Gleason, but in the interests of the prospective reader the question of relative value cannot be dismissed. On this score, then, the later book does not add materially to what has already been published (the second Langer and Gleason volume, *The Undeclared War*, must have appeared after Professor Drummond completed his research and is not even noted in the bibliography), lacks any comparable treatment of the policies of other countries, and is by no means as readable or engrossing.

Professor Drummond has appended a brief conclusion to his study. He states that considering their multitudinous problems "the authors of American policy accomplished a great deal from 1937 onward." But he is not very specific as to just what this means. He approves the attitude assumed toward Russia, Vichy France and Spain and, while characterizing policy toward Japan as "badly muddled in the autumn of 1941," states that this was due to attendant circumstances rather than confused thinking. Otherwise, he finally concludes, the American government followed a clear set of objectives with persistence and skill, and while this did not either avert war or postpone it as long as had been hoped, "the alternative—to do nothing—might have resulted in disaster."

FOSTER RHEA DULLES

OHIO STATE UNIVERSITY

American Constitutional Law. By BERNARD SCHWARTZ. New York, Cambridge University Press, 1955.—xiv, 364 pp. $5.00.

The title to the contrary notwithstanding, this is not a book on American constitutional law. A more accurate, though admittedly more cumbersome, title would be *A Comparative Law Analysis of Some Aspects of American Government.* This conclusion is justified for two reasons.

First, the author discusses *in extenso* several matters which are no longer considered active parts of the constitutional law field. For example, chapter xi on "Administrative Law" is written with laudable clarity and accuracy, but constitutional issues in administrative law are virtually nonexistent—as the chapter amply demonstrates. Similarly, the committee system and most of the other topics in chapter iii on "The Congress" do not involve constitutional issues.

A second, and much more serious, reason is the number and importance of modern constitutional issues which are *not* discussed. Where would one find another American constitutional law book which fails to discuss

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state power to tax interstate commerce, eminent domain, citizenship, the President's pardoning power, civil control of military courts, the privilege against self-incrimination, freedom from unreasonable searches and seizures, trial by jury, coerced confessions, double jeopardy, ex post facto legislation, the right to assistance of counsel, statutory presumptions, statutory vagueness, the right to a public trial, the relationship between the Bill of Rights and the Fourteenth Amendment, and the "state action" concept of the Fourteenth Amendment?

The lack of correlation between title and content would not be of great importance if the book were addressed to an American audience. An American misled by the title would be misled into reading a very good book; Professor Schwartz writes with great skill and few errors in those areas of constitutional law which are discussed. But, in his preface, the author states (p. xiii) that his purpose is "to present the workings of the American system of constitutional law to a British audience, with emphasis upon the significant changes that have occurred therein in recent years." A British reader, confining his study of the American Constitution to this book, would indeed have an incomplete picture.

The most obvious factual error occurs when it is stated (pp. 212, 213) that "Since 1937, in only one case—*United States v. Lovett*—has an Act of Congress been declared unconstitutional." Between 1937 and the date of the book's publication, Acts of Congress were declared unconstitutional in *Tot v. United States* and *United States v. Cardiff*, as well as in the *Lovett* case. Very recently, of course, a fourth statute was added to this category in *United States ex rel. Toth v. Quarles*. Space permitting, one might also be tempted to debate other conclusions drawn by the author. It is contended (p. 218), for example, that the clear and present danger test is still "applied as the test in determining the validity of infringements upon civil liberties," and in support of the Bricker Amendment the author subscribes to Secretary Dulles' erroneous view that "treaty law can override the Constitution" so as to "cut across the right given the people by the constitutional Bill of Rights."

In spite of these points, however, students of constitutional law will find in Professor Schwartz's volume a series of excellent comparisons of British, French and American law on matters of current critical importance. This is especially true of the contrast provided between *Rex v. Hampden* and the *Steel Seizure Case* with respect to executive prerogative (pp. 192–193), as well as *Attorney-General for Canada v. Attorney-General for Ontario* and *Missouri v. Holland* with respect to treaties and municipal law (pp. 320–322).

RICHARD A. EDWARDS

LAFAYETTE COLLEGE

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The Works and Correspondence of David Ricardo. Edited by Piero Sraffa and M. H. Dobb. Vol. VI: *Letters, 1810–1815.* Vol. VII: *Letters, 1816–1818.* Vol. VIII: *Letters, 1819–1921.* Vol. IX: *Letters, 1821–1823.* Vol. X: *Biographical Miscellany, including the Journal of a Tour on the Continent.* London and New York, Cambridge University Press, 1952–1955.—xliii, 353; xi, 387; xi, 403; xi, 401; x, 424 pp. $4.75 each.

Except for a forthcoming general index, the publication of Ricardo's works and papers has now been completed.

As in the previous five volumes, much of the material was available in printed form, but much of it is new. These volumes consist primarily of Ricardo's correspondence. Volume X contains some correspondence and other newly discovered material that should have been included in the first five volumes, the memoir by his brother, Moses Ricardo, which has hitherto served as the basic source for biographers, and biographical materials supplied by the editors. Considerable space is devoted to Ricardo's business operations—operations which enabled him to leave a fortune of about £700,000. The editors effectively use this material to challenge the charge that in demanding that England resume specie payments in 1809–10, Ricardo was motivated by a personal financial interest. Furthermore, the editors have corrected erroneous dates and supplied passages omitted in letters previously printed.

Specialists in economics will find the seventy-five letters from Thomas Robert Malthus to Ricardo of greatest interest. Of these only two had previously been published. Here we find more details of the mutual stimulation that these two great intellectual antagonists and close friends received from each other. The correspondence between James Mill and Ricardo is of more general interest. Over a hundred letters are included, only two of which had been published before. The correspondence reveals in considerable detail how Mill forced Ricardo to work on his famous treatise and also to seek a seat in the House of Commons. It also reveals Ricardo's deviations from the utilitarian philosophy. Ricardo claimed to be a disciple of the "Bentham-Mill School" of Utility, and so he was in a general sort of way. "If the laboring class, in Agriculture and Manufactures, are doing well, we must console ourselves for the misfortunes of landlords and tenants—they form but a small proportion of the whole population, and it is no small comfort to reflect that the losses they sustain are more than made up by the prosperity of other capitalists." (Ricardo to Mill, July 9, 1921, IX, 13)

Yet in active political reform Ricardo was quite cautious. "Legislation is a most difficult science, for first you have to study the objectives

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which ought to be attained to promote the general happiness and then the nature of the materials on which you have to act for the attainment of that end." He agreed with Mill that " 'great changes in society may be effected, when the time is come, by comparatively insignificant means,' but the difficulty . . . is to decide, first, whether the change be itself desirable, and secondly, whether the time be come. These are the points that would puzzle me, and would make me determine to advance very cautiously." (Ricardo to Mill, November 9, 1817, VII, 205) Mill tried to convince him that "instead of being a science, the practical results of which must always be uncertain, rendering it always prudent to try to remain in the state we are in, rather than venture the unknown effects of a change, legislation is essentially a science the effects of which may be computed with an extraordinary degree of certainty; and the friends of human nature cannot proceed with too much energy in beating down every obstacle which opposes the progress of human welfare." (Mill to Ricardo, December 3, 1817, VII, 210–211) But Ricardo countered that the "difficulty of the doctrine of expediency or utility is to know how to balance one object of utility against another—there being no standard, in nature, it must vary with the tastes, the passions and the habits of mankind." (Ricardo to Mill, January 6, 1818, VII, 242)

This cautious bent was strengthened by Ricardo's apparent subscription to the psychology of the "common sense" school, as against Hume's utilitarian psychology of the "association of ideas". "I admire exceedingly the ingenuity with which Hume shews from Locke's doctrines that we have no proof of the existence of external objects, but I want to know whether you see no weight in the objections offered by Reid, and . . . by Dugald Stewart, to the mind perceiving only ideas, and not external objects? Why should we, as it is said, perceive always the image of an object, and never the object itself? This must form the subject of some of our conversations—I suspect that I do not understand the language that is applied to the operations of the mind." (Ricardo to Mill, December 18, 1817, VII, 229)

But if Ricardo was ill at ease in the subtleties of the controversies between schools of psychologists, he did possess a remarkable insight into family psychology. Thus he wrote his domineering father-in-law: "From the earliest infancy of yr children you have exacted from them the most painful obedience; you have taught them to consider you as their master, rather than their friend, and affectionate father. . . . Try the opposite course, trust everything to affection and exact nothing." (Ricardo to Edward Wilkinson, September 12, 1803, X, 120–122)

This edition of Ricardo's *Works and Correspondence* should prove a rich mine for the understanding of one of the greatest eras of economic,

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social and intellectual change in the history of Western Civilization. It is to be hoped that the papers of other leading economists will be treated in similar comprehensive fashion. There is especially a need for such treatment of American economists.

Joseph Dorfman

Columbia University

American Imports. By Don D. Humphrey. New York, The Twentieth Century Fund, 1955.—xviii, 546 pp. $6.00.

This massive volume is packed with interesting information and penetrating analysis. It forms an excellent contribution to the general discussion of United States foreign economic policies. The adjustment of the American economy to the requirements of world economic leadership is its central theme. Its findings are based on a series of detailed studies of particular industries and commodities.

The work brings out a number of facts that deserve to be more widely known. It shows, for example, that American imports are highly concentrated in a few commodities, and that the degree of concentration has been growing. The rise of the chemical industry has, at least partly, displaced many imported raw materials. The list of such technological casualties is longer than most of us realize. Another important point is that the protected American industries which would be hurt by increased imports are, in the main, competitive rather than monopolistic. The people interested in protection are mostly small business men and farmers.

The growth of the total American market should make it possible for imports to increase without damaging any domestic industry in terms of absolute volume. But America's own productive advantages tend to be precisely in the commodities that enjoy increasing demand. Europe's comparative advantage is apt to be in things like footwear, hats and woollen manufactures, for which total demand in the United States is not growing much, if at all. In these circumstances imports cannot be substantially increased without hurting domestic producers.

Professor Humphrey points out very effectively that the gains from trade *depend* on the injury of the protected industries and on the shift of resources engaged in them to more productive activities. The main object of his analysis is to place the adjustment problem in its dynamic setting. He counters the cheap-foreign-labor argument for protection by stressing the inter-industry competition for labor and other resources within the American economy. The "pacemakers" are the durable goods and chemical industries which, thanks to rapidly increasing productivity, can afford to pay ever increasing wages and so bid resources

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away from the comparative "laggards" who need protection from foreign competition.

It is only when the broad principles of specialization in a growing economy are applied to particular situations that the difficulties of domestic readjustment are encountered in full force. The way in which American woolgrowers have adapted themselves, successfully and almost painlessly, to greatly increased imports of wool in the last fifteen years seems at first encouraging, but is unfortunately a quite exceptional experience. In the handmade glass industry, for example, to which one of several chapters on protected American industries is devoted, the obstacles to adaptation—personal, social, political—seem almost insuperable. I am not sure, however, if this picture is not a little too pessimistic. Policies designed to facilitate adjustments receive less emphasis than might have been expected in this study.

Professor Humphrey repeatedly castigates the "Janus-faced" attitude of the reciprocal trade program, which has been seeking to expand mutually beneficial trade while refusing to impose on the American economy any need for adjustment to increased imports. Some readers will have misgivings about a two-faced stand which the author himself is inclined to adopt throughout this book. On the one hand, we hear that imports are good and should be increased. On the other, we are given to understand that the United States tariff really does not matter much. Again and again, for aggregate imports as well as for individual commodities, the rôle of tariff policy is played down. Now this degree of sophistication, even if justified by the facts, is not conducive to action. From the proposition that the tariff is unimportant, "then let us (a) scrap it, (b) boost it, (c) leave it unchanged" are all about equally plausible policy conclusions. The proposition, however, is not established beyond all possible doubt. Some of the author's remarks on the "ineffectiveness" of the McKinley and Dingley tariffs of 1890 and 1897 (pp. 98–99) are completely at variance with evidence given earlier (pp. 18–19), showing a sharp drop in the ratio of imports to domestic production in the 1890's. The attempt to challenge Taussig's well-known findings about the effects of the tariff seems to me unconvincing. Besides, I have some faith in the sound business sense of the American Tariff League, a registered lobby that spends money in the belief that the tariff *does* matter.

The statistical information presented in this volume is extremely valuable, but it is a pity that it has not been brought up to date. Only two of the 79 tables given in the text include data for 1953. The most frequent terminal year in these tables is 1949.

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The Bourgeoisie in 18th Century France. By ELINOR G. BARBER. Princeton, Princeton University Press, 1955.—x, 165 pp. $3.50.

Here is a book that actually does something about what others are talking about, the social-science approach to history. Mrs. Barber applies to the eighteenth century in France certain concepts formulated in the sociology of Talcott Parsons and Robert K. Merton: social stratification, social mobility, and universal as against particularist value systems with regard to the place of individuals in society. The result is excellent as history, for Mrs. Barber has the quality of historical-mindedness and is well acquainted with the printed sources and monographs on the subject. The frank use of abstract ideas also makes it possible for her to be brief. She has given us a condensed systematic analysis of the most acute class question in France before the Revolution.

Here is the argument: In any going society there must be stratification, and some agreement, shared by all classes, as to the relative desirability of social positions and the movement or lack of movement of individuals from one class to another. In France before the Revolution the nobility was the strategic class, in that its own values, or values mainly beneficial to it, were accepted by other classes. Thus the bourgeois "identified with" the noble view; he agreed that trade was a rather low occupation, preferably to be escaped from, that the noble way of life was best, and that desirable social movement was into, or at least toward, this noble way of life. Accepted views on social mobility were ambivalent; there was a limited approval for the rise of bourgeois into the nobility; on the other hand, and somewhat stronger, was the idea that the individual should be loyal to his family of origin and the duties set by his station in life. The born bourgeois entering the nobility was thus under a strain; he (or she) was accepted yet not quite accepted; the position of bourgeois wives in interclass marriages could be very painful. Also, it was only by the abandonment of certain bourgeois attitudes that one could assimilate to the noble style of life, with its high valuation of idleness, extravagance, domestic infidelity and patronage of the arts. Upward social movement was thus accompanied by humiliation, resentment and guilt feelings. Nevertheless, there was little or no rejection of the aristocratic code, and no egalitarianism on principle, until the 1780's. By that time, from causes which the author clearly summarizes and explains, entrance into the nobility had become far more difficult. Increasing rigidification, increasing emphasis on the caste features at the expense of the open-class features of French society, together with the practical failure of the monarchy, allowed the latent hostility of the *bourgeoisie* to come to the

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surface, and so prepared the Revolution, of which one consequence was that the *bourgeoisie* replaced the nobility as the strategic class.

While doing less than justice in this summary to the wealth and detail of Mrs. Barber's short book, I should like to add two critical reflections. We are given plenty of evidence that the bourgeois wished to enter the nobility, but not so much evidence of actual feelings of guilt or frustration. Of actual evidence of "latent" hostility, felt at the time, there is not so much. It is because I agree with the author that I wish more evidence were forthcoming. Possibly a more refined psychological analysis, though dangerous, would be useful. Secondly, social mobility is defined as movement up or down, but there is nothing in the book explicitly (there is much implicit) on attitudes toward downward movement. There seems to have been no acceptance in French society of the idea that anyone should ever descend: the most run-down noble could not sink from the nobility, the small bourgeois lawyer could not see a son go into trade. Not only was there no "shirt-sleeves to shirt-sleeves" idea; there was less room for social descent even than in aristocratic England of the day, where cousins and nephews of established families did have a way of fading from the upper-class scene. Mrs. Barber makes clear the lack of egalitarianism in the French *bourgeoisie*. She might go further, and ask whether the concept of mobility as a one-way street, the obstinate clinging to inherited position at all social levels, has not been a limitation on French (and European) democracy ever since the Revolution, a last lingering bit of bourgeois "identification" with the noble code.

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Bismarck: The Man and the Statesman. By A. J. P. TAYLOR. New York, Alfred A. Knopf, 1955.—286 pp. $4.75.

Not since Bismarck's own *Gedanken und Erinnerungen*, has anyone written a life of Bismarck with as much boldness, self-assurance and familiarity as Mr. Taylor does in his new biography. He says: "Of all the great public figures of the past he [Bismarck] is the one whom it would be most rewarding to recall from the dead for an hour's conversation" (p. 55), and he writes as if he had in fact summoned and queried him, making this the first authorized biography to appear.

While in the immense Bismarck literature there are many biographies that are more detailed and exhaustive, as a perceptive psychological sketch of this massively complex being, Mr. Taylor's *Bismarck* stands unsurpassed. Nothing escapes him: neither Bismarck's high voice nor his terrifying appetite, neither his tears nor his coarseness, neither his

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heroic will nor his occasional laziness. Some of the persistent mysteries of his life are illuminated and dismissed in a series of brilliant epigrams: "He was the clever, sophisticated son of a clever, sophisticated mother, masquerading all his life as his heavy, earthy father" (p. 12). Of his passion for Katherine Orlov: "Probably Bismarck was as genuinely in love as he was sincere in politics or religion. That is to say, he was sincere and pretended at the same time" (p. 50).

Of Bismarck's political career Mr. Taylor gives a rapid, discriminating survey. His main thesis, that Bismarck was not the long-range planner of German unity nor the principled defender of the Junkers or even of the Hohenzollerns, but the magnificent improvisor who bent every opportunity to his own advantage, breaks with the older Bismarck legend, spun first by the master in retirement, and until recently only hesitantly questioned. Mr. Taylor agrees with Bismarck that "events are stronger than the plans of men" and even considers Bismarck's own professed loyalties to king and God as "cloaks for his own will" but also insists that the new Germany "was as much his work as modern France was the work of Napoleon" (p. 101). While these views are not contradictory but complementary, they do call attention to the main difficulty of treating the life of a statesman in brief, biographical form. What Bismarck called events are, after all, in themselves manifestations of deeper historical forces and traditions, and in order to understand the political rôle of Bismarck one has to probe as fully into these forces as into his own mind and motives. This Mr. Taylor does not have the space to do, and by emphasizing the rôle of the immediate circumstance on Bismarck's policies he moves on a level of abstraction which allows him to become concrete and certain to the point of oversimplification. For all his fine sense of the complexity of history Mr. Taylor is also determined to explain, to demonstrate, the sense of every historical action. To him Bismarck's motives and the causes of his action are clear and simple, but the reader may question statements like these: "Certainly there is not a scrap of evidence that he worked deliberately for a war with France, still less that he timed it precisely for the summer of 1870" (pp. 115–116); or, "He pushed the south German states into the Reich [in 1870] not at all with a vision of a distant future, but solely to keep them in the war" (p. 129).

There is no doubt that the decisive moments in his career came when the pressure from without coincided with his own decision to strike out for a new course. The most dramatic instance of this came in 1878–1879, when all at once he shifted from the liberals to the conservatives, from free trade to protectionism, and bound himself to Austria-Hungary as well. Taylor argues that a decade earlier he launched a similarly

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drastic shift from defending exclusively Prussian interests to opposing Prussian hegemony in the North German Confederation. In this instance, as in others, one would be more readily persuaded if Mr. Taylor's many, apt quotations from Bismarck's letters, speeches and conversations had been properly dated and identified. But no such references are supplied—a supererogatory reminder that Mr. Taylor is not a conventional historian.

Mr. Taylor is unashamedly impressed by Bismarck, and his portrait is the more appealing because it is utterly free of cant or fawning. He neither measures Bismarck by the traditional yardstick of nineteenth-century liberalism, only to find him deficient, nor does he exculpate by pronouncing him a law unto himself. The shortcomings of the man and the greater failings of his system are recorded, but in the final impression Mr. Taylor returns him to his proper European context, often through his telling comparisons of Bismarck to Cromwell, Churchill, Disraeli, and especially to Gladstone. Rather than mistaking that figure of strength and moderation for the German ogre, for the precursor of Hitler, as some Anglo-American historians did during the war, he emphasizes that Bismarck faced and solved problems which other European statesmen faced also, and sometimes met by emulating the German Chancellor. But the irony remains that in the two decades when Bismarck drew ever closer to Europe he became ever more estranged, more remote from the Germans, until he fell from power, repudiated by his sovereign and unsupported by his people. A generation before, he had put Germany in the saddle; now the Germans were bent on proving that they could ride by themselves, even as he had once predicted they could.

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Memoirs of Dr. Eduard Beneš: From Munich to New War and New Victory. Translated by Godfrey Lias. Boston, Houghton Mifflin Company, 1955.—xiii, 346 pp. $7.50.

Following the Habsburg empire's collapse in the First World War, Eduard Beneš, together with T. G. Masaryk, founded Czechoslovakia. Leading his nation to victory over Nazi tyranny, Beneš, after the Second World War, reëstablished Czechoslovakia. In the twenties, he told the story of his first triumph in three volumes of Memoirs. He planned to tell the story of his second triumph in three volumes, also, but completed only one. Events in 1948 ruined his hope that he had won a lasting "new victory" for his people, whom he served throughout his life with relentless effort and singular devotion. The Communist coup of February 1948 turned Czechoslovakia into one of Soviet Russia's European

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satellites. Beneš died in September, shortly after he resigned the presidency of the Republic. The Communists buried him as a national hero, but soon thereafter branded him, together with T. G. Masaryk, as a traitor to the nation which he had helped to create and resuscitate.

Godfrey Lias, the English translator of these unfinished Second World War Memoirs, points out (p. v) that Beneš intended to present "at once a justification of his own handling of the affairs of the Czechoslovak State during this critical period and a review of the work of his colleagues and opponents so that their countrymen could see where praise and punishment were due and could also set a clear course for their Fatherland towards a prosperous and secure future." Justification of his policy and retort to some of the accusations against him form indubitably the leitmotif of his Memoirs. He was accused, for instance, of being responsible for Munich. The strongest single party in pre-war Czechoslovakia, the Agrarians, reproached him for not accepting in time an agreement with Nazi Germany. Beneš, with justifiable pride, in the Memoirs repeated his reasons for rejecting a deal with Hitler, stressing (p. 20) that he had "correctly gauged Hitler's plans." The Communists, on the other hand, who represented the strongest single party in post-war Czechoslovakia, blamed Beneš for not fighting in 1938. Confronted with this accusation, during his visit to Moscow in 1943, he retorted (p. 274) "*by asking the much more justifiable question: what would have happened if in 1938 in our dreadful plight and isolated from nearly all the world we had gone to war!*"

While the controversy over his policy toward Nazi Germany can be regarded as settled in Beneš' favor, his policy toward Soviet Russia remains open for discussion. The Memoirs show Beneš as an undeviating advocate of a policy of coöperation with Soviet Russia. Always concerned with the threat of German imperialism, he stood for this policy from the early twenties. The Western betrayal of Czechoslovakia in Munich deepened Beneš' conviction that Soviet Russia was the natural guarantor of Czechoslovakia's security. Annulment of Munich remained his "only aim in life" (p. 197), as he fought for the restoration of pre-war Czechoslovakia. Greatly encouraged by Moscow's advocacy of Slav solidarity during the Second World War, Beneš envisaged the restoration of Czechoslovakia within a new sort of Slav commonwealth which would be led by Soviet Russia but, as he was assured repeatedly by Stalin and other Soviet leaders, would be safe from Soviet interference in the internal affairs of the individual states. He took it for granted that Czechoslovakia, as well as other countries of Europe, should evolve toward socialism. But he linked his treaty of December 1943 with the Soviet Union "*intentionally and consciously*" with the Anglo-Soviet treaty, and "at the

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time" he "firmly believed that this treaty would continue in operation after the war ended" (p. 282). Moreover, "at the time" he also believed in a broader East-West coöperation within the United Nations. Hopeful of "*evolution, without violence*" (p. 285), he was convinced that "the Soviet Socialist system [could] live side by side with the new and transformed democracy" (p. 284). At the time of writing his Memoirs, however, he was compelled to ask the questions: "Did I at that time see and foresee the present development in the East and West correctly or not? And will events continue to march to a final violent culmination or will both parties cease to boast about their revolutionary strength or their atomic bombs?" (p. 285); "Was I right or wrong?" (p. 282)

During the Second World War, his optimism strengthened the optimism of the Western Powers regarding the aims of Soviet Russia's post-war policies. Also, Beneš persuaded the Great Powers to support his policy of expelling the non-Slav minorities from Czechoslovakia (about 30 per cent of the total pre-war population) in order to make it into a homogeneous nation-state. The Memoirs bear evidence to the little-known fact that the expulsion of the minorities was Beneš' own idea, rather than initiated by the Soviets, as is generally believed. In fact, the Soviet government consented to the expulsion of the Sudeten Germans (pp. 243, 286) only *after* the principle of Beneš' program had already been approved by the British (pp. 204, 206) and American (pp. 187, 193) governments.

The dramatic dialogues between Beneš and Wenzel Jaksch, the exiled leader of the Sudeten German Social Democrats, and other documents concerning the expulsion issue (pp. 210–227, 303–334) deserve special attention. Beneš recognized the "tragic situation", was even "deeply grieved about it". But he was convinced that unless the non-Slav minorities were expelled, Czechoslovakia would not be safe against "a new Munich". As is well known, by virtue of the Potsdam decisions of the Big Three, the Sudeten Germans were expelled from their homelands in Czechoslovakia after the Second World War. Beneš' efforts, however, to apply his "natural conclusions" to the Hungarians of Czechoslovakia were less successful. At the Paris Peace Conference in 1946–47, the Western Powers defeated the Soviet-supported Czech plans concerning the complete expulsion of Czechoslovakia's indigenous Hungarian population.

Godfrey Lias, the brilliant translator of the Memoirs, takes pains, in his Introduction and footnotes, to justify Beneš' expulsion policy. It seems apparent, however, that Beneš' homogeneous nation-state program represented a complete break with the lofty democratic ideals of national equality which had inspired his one-time rebellion against

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Habsburg oppression. It is to be hoped that, in addition to such an obvious lesson as the unreliability of the Soviets as political partners, the Beneš Memoirs will teach also a much-needed lesson regarding the complete bankruptcy of the nation-state policy in Central Europe.

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France: The Tragic Years, 1939–1947: An Eyewitness Account of War, Occupation, and Liberation. By Sisley Huddleston. New York, The Devin-Adair Company, 1955.—xxiv, 360 pp. $5.00.

Vichy: Political Dilemma. By Paul Farmer. New York, Columbia University Press, 1955.—vi, 376 pp. $5.50.

France Against Herself. By Herbert Luethy. Translated by Eric Mosbacher. New York, Frederick A. Praeger, 1955.—xi, 476 pp. $6.50.

Churchill's onetime characterization of Russia as a mystery wrapped in an enigma is not unsuited to present-day France. Keystone of European peace after the First World War, the unwarranted expectations of her supposed power at the time of the outbreak of the second gave place to an equally false picture, in reverse, when the world was confronted with the catastrophic collapse of 1940 and its unwelcome consequences. However diminished, France remains a vital piece in any reorganization of Europe, whether along the traditional lines of conflicting units or the new path of integration. From France have come novel initiatives; yet it was France, the sole dissenter, that in the end wrecked her own proposal for E.D.C. Little wonder that the outside world has reacted at best with puzzlement and often not a little annoyed impatience. The record of impotence and even more of seeming inability of decision calls for explanation, and a flourishing literature has grown since the war that has sought to analyze and interpret the nature of the French phenomenon and the reasons for its peculiar mode of operation.

Whatever may be the final verdict, the Vichy episode is sure to go down in history as both sad and inglorious. Nevertheless, there is room for calmer reappraisal than the contemporary one of wartime that contented itself with the oversimplified classification of friend and foe. France was neither, defeated and largely removed from the conflict, trying as best she could to survive and adapt herself to circumstances and events, the direction of which was largely in other hands. But,

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apart from the uncertainties of war, the collapse of the Third Republic gave an unexpected twist to the domestic cleavage unresolved since the Great Revolution.

Allowing that the attempt to undo the nineteenth-century development was the fruit of defeat and that it ran basically counter to the long-term historic trend, the issue was not the simple one of good and evil, but often of honest differences of opinion, all shades of which harbored besides their share of unprincipled opportunists. Nowhere was this more evident than among Communists whose bid for power in the Liberation was accompanied by many excesses. The trial of Pétain was farcical and the sentencing of Laval judicial murder, if perhaps poetic justice. No wonder that the war did not result in unity but rather turned the old divisions of France into confusion worse confounded.

Such a state of affairs would seem to call for all the more care and judiciousness in appraisal. Huddleston's claim to redress the balance of prejudice, legend and myth would be justified, did he not himself exhibit prejudice as strong as that which he professes to combat; instead of useful analysis his book rather becomes a piece in the dossier of aberration that the events which it recounts have produced. If to explain Vichy is legitimate, unreservedly to exalt Pétain can be done only at the expense of abdicating the critical faculty.

This is all the more surprising and regrettable in the light of Huddleston's earlier writings. The tone and tendency of this book may best be judged by a quotation: "Nevertheless, there is little doubt that Roosevelt's mistakes, even at Yalta, were not as serious, so far as promoting the rise of Russia to domination of the Old World is concerned, as Churchill's adamant refusal to withdraw from effective participation in the war after June 22, 1941" (p. 138), a proposal little more realistic than the hope of those in France who envisaged the possibility of profitable mediation between exhausted Germany and Britain. The book is, on the whole, a sorry document that serves little useful purpose.

Farmer's work is on a different level. To the extent that he does not find the record a simple one of blackness and treason, he too may be regarded as contributing to the rehabilitation of Vichy. Correctly, he sees the tragedy of the French position in the fact that, between the wars, "France was unable to deal with Germany by herself, and powerless to influence the nations [read Britain and the United States] upon whose help she must depend" (p. 67). Having abdicated what leadership she had in 1936, France pursued thereafter no consistent policy.

Though undeniably defeated, France after 1940 retained a degree of bargaining power vis-à-vis Germany: the fleet, the empire, and her own not inconsiderable resources. Interestingly, Germany was unable

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to make a clear decision between brutal coercion and wooing, while on the French side the issue within Vichy remained that between "broad" and "narrow" collaboration. Laval, if unprincipled and desirous of personal power, thought in terms of the most advantageous accommodation in a German-dominated Europe. Pétain, acting according to his undoubtedly very limited lights, entertained hazy notions of the rejuvenation of France while defending French interest on a day-to-day basis. Drifting into senility, the rôle of martyr was not without appeal to him.

Pétain was popular and widely acclaimed as a symbol, but Vichy evinced little response from the people. The domestic story of Vichy is analyzed at length, laying stress on the element of continuity of development. The Republic had been destroyed, but it had struck too deep roots and its enemies had little more in common than negative and sterile criticism. The dominant group in Vichy was, broadly speaking, conservative; genuine Fascists and pro-Germans were few and their influence never paramount. Meantime, France could not but exist in a state of suspended animation; during her passage through limbo she continued to function under the management of her bureaucracy of civil servants, for the most part little disturbed. "No other lesson that emerges out of the experience of the Vichy era is clearer, or more portentous, than this stubborn persistence of the traditions of the Third Republic under a regime dedicated to its utter extirpation" (p. 262).

Of necessity, and admittedly, tentative and provisional, Farmer's study is generally balanced. It is also provided with a useful bibliography.

The fact of continuity is also greatly stressed by Luethy, the very title of whose book is indicative of his approach and outlook.[1] Luethy, a Swiss with long personal acquaintance with France, is primarily interested in the explanation and the prospects of the complex that is present France. The disappointment of high expectations finds reflection in the sharpness of his criticism, which is at times somewhat diffuse and repetitious.

Luethy has a sound appreciation of the historic factor in shaping the France of today; France "combines an imperishable structure with the perpetual preaching of insurrection" (p. 49). That is the legacy of a never completed revolution which at once initiated a tradition while reinforcing the old one of centralized administration, so that "the exciting secret of France is that an extremely durable order prevails behind its extremely apparent disorder" (p. 50). In this administration, little affected by politics, lies an enormous power of survival and resistance,

[1] The original German title, *Frankreichs Uhren gehen anders*, and that of the French version, *À l'heure de son clocher*, are even more apt.

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but in the rapidly changing world of our time it has also meant crystallization and a widening gap between France and the rest of the world. This might not matter were not France the heir to so large a place; as it is, enormous stresses ensue as well as much curiosity and interest of which Luethy's own book is an example.

In places and at times the picture that emerges verges on caricature. But there are also very fair, shrewd and balanced discussions of the rôle and continuing strength of communism in France, of the disastrous and in large measure irresponsible management of finance, of the often much-misunderstood imperial problem. The position of the intellectuals in France and the dilemma of the French intellect are treated with sympathetic understanding, and the analysis of France's hesitation in taking the plunge into a larger Europe is a highly intelligent one. Yet, in the last resort, France cannot merely withdraw into herself, not if she is to preserve her true nature of which the quality of universalism is so fundamental a trait. "Efficiency is not the highest aim of humanity. But a modicum of efficiency has become a condition for survival" (p. 332).

The real struggle going on in France at present is that between the Old and the New; of the latter, such men as Mèndes-France and Monnet, regardless of their formal political affiliations, are the representatives. In a quiet way, and in the face of much confusion, mismanagement and backsliding, a substantial job has been done in restoring and expanding the productive plant. This, in combination with the changing demographic picture, contains hopeful possibilities of rejuvenation. Therein lies the essence of the drama which will be played out during the next decade.

Controversial in some respects, but sympathetic and intelligent, Luethy's is undoubtedly one of the more valuable analyses of the French situation that have appeared in print.

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War Memoirs. Vol. I: *The Call to Honour, 1940–1942.* By CHARLES DE GAULLE. New York, The Viking Press, 1955; Paris, L'Appel, Librairie Plon, 1954.—viii, 320 pp. $5.00.

To the flood of memoirs by leading figures of the Second World War, General Charles de Gaulle has now added another item, certainly not the least distinguished. In the nature of things, it is scarcely a major contribution to the history of the struggle; but it materially illuminates one not unimportant aspect and corner of it. It is an interesting piece of self-revelation; and it is extremely well written. It is understood that, in addition to the volume of text here reviewed, which carries the

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story to the summer of 1942, a volume of supporting documents has been published.

The picture of de Gaulle which this reviewer receives from this book is that of a man whose ideas of France's destiny and place in the world were formed at the end of the nineteenth century and did not change. (It is interesting to note how many of the most effective leaders of 1939–45 were Victorians, in mind if not actually in age.) But if his political ideas were traditional, his military thinking was up-to-date. He was the chief exponent in France of armored warfare, and formed political connections to push his theories. If France had set up in good time the armored divisions for which he called, she would have been less helpless militarily in 1940. And, so far as one can judge, de Gaulle was an effective field leader during the short period in that year's campaign when he was permitted to command one of the armored divisions improvised for the emergency.

Most of the book, of course, is taken up with the organization and problems of Fighting France. It sometimes reminds one of that unkind reviewer of General Pershing's memoirs who remarked that the General had fought three wars: an important one with the General Staff in Washington; one with the British and French, which seemed to be his main interest; and a relatively minor one with the Germans. De Gaulle gives much more space to his fights with the British and Americans than to the war with Germany, and it can hardly be doubted that essentially he was much more interested in "maintaining French rights" against the Allies than in damaging the enemy. Although Churchill's government was more sympathetic to Fighting France than Roosevelt's, it is against the former, with which he was in constant close contact, that the General speeds his sharpest shafts. The British had had much experience in dealing with friendly communities of limited power but large pretensions; but they never tackled a tougher subject than *le grand Charles*, even though he was so dependent upon them. ("We had to obtain from the British what was indispensable, while maintaining towards them a resolute independence.") There are times when he almost seems to recognize that he was lucky in having to deal with people whose favorite weapon was persuasion rather than coercion. The British made great concessions to de Gaulle even in strictly military matters; one of the most remarkable was the apparent ultimate recognition of his complete independence of Admiral Cunningham in the Dakar expedition (pp. 122–23). The General discusses at length his controversies with and grievances against the British in the matters of Syria and Madagascar; on these episodes, in the absence of more details on the British case, final judgment should perhaps be reserved.

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Those acquainted with de Gaulle's pre-war writings know that he wields a skillful pen. In this volume it appears to advantage, even through the medium of a translation which seems literal and uninspired. His description (pp. 163–64) of the British technique of "working on" the Fighting French in matters of controversy is an ironical masterpiece. It might however be an error to take it too literally as history. And there are other parts of the book of which the same thing could be said. Connoisseurs of historical evidence may compare de Gaulle's brief account of his departure for England in 1940 ("I flew off. . . . There was nothing romantic or difficult about the departure") with Sir Edward Spears's detailed and very different version in *Assignment to Catastrophe*. Perhaps Spears, writing nearly fifteen years later, has done some unconscious embroidering. Or perhaps de Gaulle (who incidentally does not like Spears) has done a little simplifying. What we seem to need is a third, and unprejudiced, witness. We probably shall not get him.

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Peasants, Politics, and Economic Change in Yugoslavia. By JOZO TOMASEVICH. Stanford, Stanford University Press, London, Oxford University Press, 1955.—xii, 743 pp. $7.50.

Professor Tomasevich has written a masterful study of the peasant, that pervasive figure in Yugoslav political life. He makes clear that the peasant's relationship to the land is the very seed from which Yugoslav politics and national policies spring. From the medieval origins of the states that now form Yugoslavia the problems of the peasant have determined the pace and tone of politics and economics in the area. Tito is not the first politician to find the stubborn Yugoslav peasant a potent adversary.

First, Professor Tomasevich reviews—and later succinctly summarizes—political and socio-economic developments in the centuries before the First World War, in Serbia, Croatia-Slavonia, Bosnia and Herzegovina and in the fringe provinces of Dalmatia, Macedonia, Montenegro, Slovenia and Vojvodina. He points out that during the nineteenth-century struggles for liberation from the Turks the Serb peasant established the principle that "the land belongs to those who till it." The peasant's economic aim then was to prevent local feudal landlords from supplanting his vanquished Turkish masters (p. 39). After the First World War, he struggled unsuccessfully to rid himself of other despots, personal or bureaucratic. Once in power, even the People's Radical party, which

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began as the Serb peasant's champion, became a "standard-bearer of corruption".

Nevertheless, all politicians paid homage to the peasant, for they could rule against but not without him (p. 48). Though he remained "ignorant, in poverty and an object of abuse by those in power," the Serb peasant's independence plus Serbia's lack of feudal political forms enabled the Serbian state to play a central rôle in the political drama of the South Slav nations.

The Croatian peasant, on the other hand, played little part in politics until 1905, when the Croatian Peasant party was founded with the sole aim of politically educating and mobilizing the passive and almost inert peasantry. But only after the fall of the Habsburgs did the Peasant party become the telling political force in Croatia. The Croatian peasant's passivity had deep historical roots. Union with Hungary forced Croatian institutions into new patterns of donational feudalism (p. 56), and transformed internal administrative and taxation systems along Hungarian lines. Servile rebellions—almost all peasants were serfs—were continuous but futile. Though the land reforms of Maria Theresa and Joseph II were important, serfdom lasted till 1848. And though revolution broke the political power of the landowners, in the absence of a middle class the bureaucracy and army became Croatia's most significant political factors (p. 89).

Professor Tomasevich emphasizes that the formation of Yugoslavia in 1919 did not guarantee a full-blown democratic government, nor solve the nationalities problem, increase the peasant's standard of living nor even improve his prospects. The economic and social trends so pronounced in Yugoslav agriculture before 1914 persisted into the next two decades. The new state had to cope with a rising population, the need for credit, further division of peasant holdings, and the impact of a money economy in pauperizing the peasantry (pp. 215–16).

The core of Tomasevich's study is his review of these developments during the inter-war period. Yugoslavia's constitutional changes are admirably surveyed. He shows how a minority's reaction to the establishment of Serb hegemony by Crown and Military became "the Croat question" (or "the Macedonian question"), mirroring the struggle between centralism and federalism (p. 237). Political democracy might have alleviated the dismal position of the peasantry. Instead, "those in power used all possible means to stay in power and to prevent any change . . . improvements in economic and social conditions were for them of little importance" (p. 245).

Professor Tomasevich is unsparing in his judgment of the old régime, and of the peasant parties. Had the Croatian Peasant party held office

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for any length of time, he believes contradictory interests would have led to the growth of factions. Many of the party's theories were tenuous. Seeing the village as a social and economic unit, the party opposed industrialization on the ground it would destroy the peasant's cultural heritage and ethos (p. 258). The author does not seem to align himself with those who would surround the peasant with a cultural mystique.

Tomasevich could have been more stringent in his comments on the Croatian party. Although it is true that both parties subscribed to democratic principles and claimed to abhor violence, practice belied principle. Like its Serbian counterpart, the Croatian party was controlled by city politicians who were not above using force to command the allegiance of recalcitrant peasants.

The book details the natural basis of Yugoslav agriculture, the rôles of labor and capital, problems of production and marketing, of health and diet. The author's analysis of agricultural overpopulation and post-1918 agrarian reform is astute. In 1938, with some five million individuals (43 per cent of the agricultural population) considered surplus (p. 316), Yugoslav economists of all political shades looked on industrialization as the only permanent solution. But industrialization is not easily attained. Tomasevich raises all the germane questions (p. 341) that must be answered by those involved in this problem, whether proponents of a free, planned or mixed economy.

Unfortunately, the author does not summarize his massive section on the inter-war period, nor speculate on the meaning of that experience for contemporary events.

It is important to note that this book is not chauvinistically written. The author's vigorous conclusions are thoroughly grounded in his mastery and extensive use of all the sources. It will be a long time before his study is superseded. Meanwhile, it will be impossible to write about Yugoslavia without taking his book into account.

J. B. HOPTNER

NEW YORK CITY

Adonde va la Revolucion Boliviana? By CARLOS DEJOVNE, CESAR BARBAGELATTA and DOMINGO ALBERTO RANJEL. La Paz, S.P.I.C., 1955.—102 pp.

The Bolivian Revolution, which commenced in April 1952, is the most fundamental Latin-American upheaval since the Mexican Revolution. It has received relatively little attention, but is certainly worthy of more careful study than it has so far received.

Against almost insuperable difficulties—falling export prices, runaway inflation, shortages—the leaders of the Bolivian Revolution have

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carried out fundamental reforms: nationalization of the tin mines and redistribution of the country's cultivated land. They have thus laid the basis for development of the nation's economy and the people's living standards which was impossible under the semifeudal traditional agricultural system and the domination of the nation's economic, social and political life by absentee mining interests.

The present volume consists of three lectures given under the auspices of the Subsecretariat of Press, Information and Culture in La Paz early in 1955 by three foreigners resident in Bolivia, who have studied the Bolivian Revolution at first hand. All three are sympathetic to the Revolution, and are vaguely Marxist in their ideology, but none is addicted to a particular orthodoxy.

Sr. Dujovne points out that three classes are most vitally concerned with the upheaval: organized labor, the middle class (most particularly the intellectuals) and the peasantry. The last has been the slowest to move; its rôle has been largely passive, but he notes: "The fundamental nature of the Bolivian Revolution is going to be determined in large part by the enormous reserve of revolutionary energy represented by the peasantry." He says that "The Agrarian Reform . . . is a matter of life and death in Bolivia." Without it, "the Indians would have continued living in literally subhuman conditions, like animals, and . . . it would have been impossible even to think about the possibility of developing agricultural production so as to satisfy the most fundamental needs of the cities."

Sr. Barbagelatta, who writes about "Economic Perspectives of the Bolivian Revolution", argues strongly in favor of obtaining outside economic help. Although aware of Latin-American suspicions of "foreign imperialism", he argues that the big industrial countries have come to realize that a strong market abroad for their goods depends on a mass market, which obviously does not exist in countries like Bolivia. "They prefer to have real customers rather than to treat with pauperized peoples. . . ."

He sums up the situation of the Bolivian Revolution thus:

> The Bolivian Revolution, once it had assumed power, did not lose an instant. Its primary objectives were the defeudalization of the country by the Agrarian Reform and its economic diversification by the nationalization of the mines and industrial development. . . . The general development of Bolivia really began on April 9, 1952 and is going forward on the basis of national resources complemented by aid from the United States and the United Nations. All is in modest proportions and in spite of a ruinous fall in export prices. The basis of the New Bolivia is being well laid. Now there are only three things lacking for the continuation of the construction of the great pyramid which is the Bolivian National Revolution: resources, resources and resources.

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Sr. Ranjel, after discussing the rôle of different classes in the Revolution, goes on to some of the most pressing problems facing it. He urges quick achievement of monetary stability, warns of dangers of riotous inflation, and says that the root problem is the difficulty of Bolivia's chief export, tin. He urges reduction in costs in this industry and a reëquipment of the mines as quickly as possible. These things, of course, are easier said than done.

This volume is one of the first things to be published about the Bolivian Revolution. The authors, as foreigners, have a certain objectivity which Bolivians themselves might not possess. They are able to criticize certain aspects of the Revolution which it might not be politic for a Bolivian to investigate. The book should be of interest to all who are vitally concerned with problems of economic development and social change in the Other America.

ROBERT J. ALEXANDER

RUTGERS UNIVERSITY

Africa in the Modern World. Edited by CALVIN W. STILLMAN. Chicago, The University of Chicago Press, 1955.—x, 342 pp. $6.00.

The publication of this volume, the Harris Foundation lectures delivered at the University of Chicago in 1953, is another example of the growing realization on the part of Americans of the importance of Africa. Contributors from five nations discuss a wide variety of economic, social and political questions in their papers although it is inevitable, in the short space allotted to each, that many important questions cannot be dealt with in the detail which they deserve.

While all the papers are contributions to the general field of African studies, some must be singled out for special mention either for the point of view presented or for the subject dealt with. The two papers which treat specifically the problem of social change are among the most interesting in the collection. Professor Balandier points up some of the pressing problems of the integration of the new educated élite into a European social structure and conversely into their own tribal structure again. It is regrettable that many of his points, particularly those concerning the formation of new social classes, must be made in a sentence or two and the reader feels frustrated at being given only this glimpse of a fascinating field of research. Professor Franklin Frazier's discussion of the effects of European contact on African social organization emphasizes the destruction of family life through the demand for industrial labor and the consequent breakdown of tribal and kinship coöperation. Not only is the framework of African society changing

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but the personality of the educated African is itself undergoing a transformation, which leads him to reject European domination, often, Professor Frazier points out, by means of membership in a nationalist or revolutionary movement.

The paper by Professor Arthur Lewis of Manchester University presents a realistic analysis of the African economic dilemma. Some of his conclusions may not be acceptable to African nationalist leaders, but the stubborn facts of the economic situation cannot be ignored. While African standards of living are rising slowly, no one can dispute Professor Lewis' conclusion that economic growth cannot equal nationalist political aspirations unless governments find the courage to tax the African taxpayer more heavily—and it might be added to enforce the tax laws presently on the statute books.

A particularly noteworthy feature of this volume is the attention paid to political development in French territory in Africa. A paper by Kenneth Robinson of Nuffield College, Oxford, outlines in some detail the background to contemporary political and constitutional development in French West Africa. In the light of recent statements by French political leaders regarding the possibility of a federal form for Overseas France, Mr. Robinson's concluding comments on the practical difficulties of such a devolution of power are particularly timely.

Professor Herskovits' paper touches on a number of the most sensitive questions in Africa today: the African's drive for education and the reëxamination of his own cultural values which results from education; the place of the European settler and the racial tensions which his presence creates. While any one of these points would require a complete volume for even a sketchy study, nevertheless no general work on contemporary Africa can omit a reference to them. Equally as deserving of longer treatment are Vernon Mackay's comments on the possibility of Communist influence in Africa today and the effect such an influence might have on American security policy.

While not all the contributions to the present volume are of equal interest, the papers touch on a broad range of fundamental African questions. It is to be hoped that the book will serve to whet the general reader's appetite enough to cause him to do further reading. The reader with specialized background may find that there is much in these surveys which is already well known; the generalizations that must inevitably be made in such short papers only point up the necessity for more intensive work on almost every aspect of African affairs.

L. Gray Cowan

Columbia University

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BOOK NOTES

One of the main characteristics of state economic policies during the last half-century has been the ever-increasing intervention of governments in business affairs. The pressure of war, the exigencies of economic depressions, and demands for economic growth have led to the adoption of a variety of governmental controls, to the investment of state funds in economic enterprise, to economic planning, and to the nationalization of certain business activities, especially of banking and basic industries. The long-term trend has been, furthermore, for such indirect controls as tariffs and regulation of bank credit to be supplemented with direct intervention in the form of ownership and operation of plant. The experience of France and Italy in nationalizing and managing industry is especially characteristic of what has been taking place in Western Europe. That experience is studied in *Nationalization in France and Italy* (Ithaca, Cornell University Press, 1955; x, 260 pp. $3.50) by Maurice Byé, Professor of Economics at the Faculté de Droit, University of Paris, who writes on the French story, by Ernesto Rossi, a well-known anti-Fascist, civil servant, and journalist, who deals with the Italian scene, and by Mario Einaudi, Professor of Political Science at Cornell University, who makes a comparison between French and Italian policies, with many an additional reference to what has occurred in England. As one might easily guess, each one of these authors emphasizes those aspects of nationalization which most directly concern him professionally. Signor Rossi devotes some fifty-three pages mainly in explaining how the Fascists bailed various industries out of impending bankruptcy in 1933 and thereby acquired for the state a hodgepodge of holdings which constituted some 25 per cent of Italian business. Professor Byé traces in 135 pages the more complex story of how France nationalized about 18 per cent of its industry, its commercial banks, some of its insurance companies, and the Bank of France, of how this property was acquired, and of how it is managed, especially in the matter of price policies. Professor Einaudi concentrates his attention in an introductory statement of sixty-four pages on questions of public administration as they have arisen in the countries under consideration. His greatest fear is that the intrusion of politics into Italian and French nationalized enterprise will result in the creation of little empires within the state and that these little kingdoms will be operated for the good of the bureaucratic few rather than for the good of all. Without question this study is the most

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penetrating which has thus far appeared in English, if, indeed, it is not the best that has come out in any language. The Rockefeller Foundation is to be congratulated for having aided a competent inquiry on a subject about which public policy will have to be formed in the coming years.—Shepard B. Clough, Columbia University.

Especially since J. A. Thomas published *The House of Commons, 1832–1901* (Cardiff, 1939), historians have been trying to diagnose legislatures in terms of "interest" and other categories which might indicate causes for courses of action. Recently, statistical machines have been given the available evidence to digest, the procedure adopted by Gerrit P. Judd, IV, in *Members of Parliament, 1734–1832* (New Haven, Yale University Press, London, Oxford University Press, 1955; viii, 389 pp. $6.00). This investigator selects as the determinants of social class family background, education, occupation and wealth, and, with acknowledged limitations, thus categorizes 5,034 M. P.'s. He also sorts out dates of birth, age, and length of service, and appends a check list of Members with modest indications of biographical information. His own commentary (pp. 1–77), while lively, intimate, and resting on his own and other good authority, is tentative rather than dogmatic, emphasizing chiefly the diversity among his subjects. It is followed by twenty-one tables. Statistics being what they are, what emerges is a series of averages covering groups only. Unfortunately the check list does not reciprocate the tables by indicating the category or categories to which individuals are assigned, nor does the index cover the persons named in the author's text. Thus, to take an example, Joshua Mauger, who was merchant, distiller, financial speculator, and "boss" of Nova Scotia, figures only as of Huguenot descent, as M. P. for Poole, 1760–80, and, presumably, a guardian of the West Country fishing interest, with which some of his other ambitions must have clashed. A further reason for great caution in the use of such statistics has been indicated by W. O. Aydelotte's preliminary analysis of *voting behavior* in the House of Commons during the 1840's, also digested by machines (*History*, October 1954). Taking the Ten Hours' issue as an example, he finds "that social position had almost no statistical relation to votes," and that economic interest is "of little use" in explaining them. Apparently measurement of putative attitudes, whether in economics, sociology or history, must still be crippled by the unaccountability of men, even in groups, responding to imponderables, sometimes within themselves and sometimes outside the functioning groups.—J. B. Brebner, Columbia University.

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Foreign Affairs Bibliography: A Selected and Annotated List of Books on International Relations, 1942–1952, edited by Henry L. Roberts with the assistance of Jean Gunther and Janis A. Kreslins (Published for the Council on Foreign Relations, by Harper and Brothers, New York, 1955; xxii, 727 pp. $10.00), is the third volume in the series of bibliographies of books on international relations prepared under the auspices of the Council on Foreign Relations and published by it. In scope, method and organization it follows closely the pattern set by its predecessors. It covers books published during the period in thirty-four languages. The field of international relations or "foreign affairs" has been broadly defined to include not only contemporary history (since 1914), politics, diplomacy, economics and finance, and international law and organization but such relatively peripheral subjects as political philosophy, comparative government, cultural relations and modern warfare. The titles listed and the annotations follow quite closely, for the most part, those originally used in *Foreign Affairs* in the listing of "Recent Books on International Relations". Only exceptionally does it appear that judgments have been modified. The editor informs us that "several thousand" new titles have been added, especially for areas that could not be adequately covered in the quarterly listing, and that a number of titles have been dropped. The volume, like its predecessors, is an important aid to students and scholars in the field of foreign relations. The Council on Foreign Relations is to be congratulated for the service that it renders to those who are seriously interested in the field. Professor Roberts, in his foreword, modestly acknowledges the assistance that he has received from many institutions and scholars. Nevertheless, his has been the major responsibility, and in the performance of his task he has shown exceptional qualities of scholarship, industry and good judgment.—LELAND M. GOODRICH, Columbia University.

Yearbook of the United Nations, 1954, prepared by the United Nations Department of Public Information (New York, Columbia University Press, 1955; xii, 656 pp. $10.50), has been subjected to much the same process of reorganization and consolidation as the United Nations Secretariat itself. Instead of the 906 pages of the 1953 *Yearbook* this one has 656, and each page is somewhat smaller though the average number of words per page has not been materially changed. A rough estimate would be that the content has been reduced by about a quarter. While this may reflect some falling-off of United Nations activity, especially in the political field, the major part of the reduction has been achieved by deliberate reorganization and condensation of materials. The section

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dealing with the "Structure and Organization of the United Nations" has been completely eliminated. Some of the material is to be found in other sections and in a new section entitled "Administrative and Budgetary Questions", and some has been relegated to appendixes where it appears in smaller type. A quick check does not disclose any serious omissions of important data in comparison with the 1953 volume. Perhaps the only reason for a measure of unhappiness is that those of us who have gotten used to finding what we want in a certain place must form new habits. Other sections of the *Yearbook* have been reduced in size, the section dealing with "Political and Security Questions" most of all. While the activity of the United Nations in this area fell off markedly in 1954 from the preceding year, there is some indication that the process of condensation has been carried further here than, for example, in the section dealing with "Economic and Social Questions". Reduction of size is of course not necessarily a bad thing. However, comparing the 1953 and 1954 volumes, one is inclined to the view that the summaries of discussions and decisions in the 1954 *Yearbook* omit considerable detail of value to the serious student, particularly one who does not have ready access to published United Nations documents. This is particularly serious in view of the fact that the *Bulletin* has largely ceased under the new dispensation to give detailed factual summaries. For the serious student there is some compensation in the newly introduced practice of including, after the summary of action on each question, a documentary note which gives references to relevant documents and the texts of important resolutions. This arrangement has certain definite advantages, but in the process of reorganization and condensation important texts are omitted, such as draft resolutions which need to be available to the reader if the discussion on them and amendments proposed are to be meaningful. In all fairness, it must be recognized that the task facing the compilers of the *Yearbook* is a monumental one. Faced with conflicting demands to be met and interests to be served, compromises are inevitable. If anything has to be sacrificed in the interest of economy, it is perhaps inevitable that it should be the more specialized interest of the teacher and student of international organization. In spite of some regrets, this reviewer must admit that the new volume is more attractive and manageable than its predecessors and continues the quality of indispensability to students of international affairs enjoyed by its predecessors.—Leland M. Goodrich, Columbia University.

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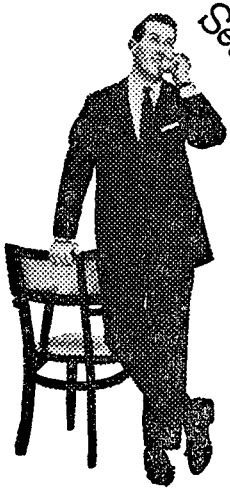

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